The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

War Situation Becomes Critical on Chekiang-Fukien Border

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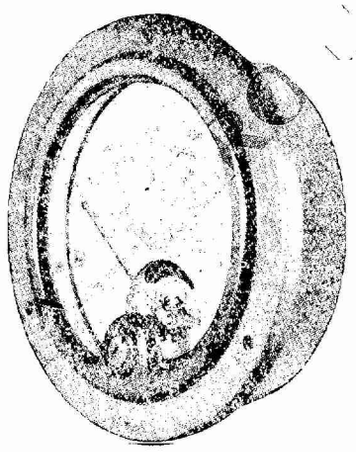

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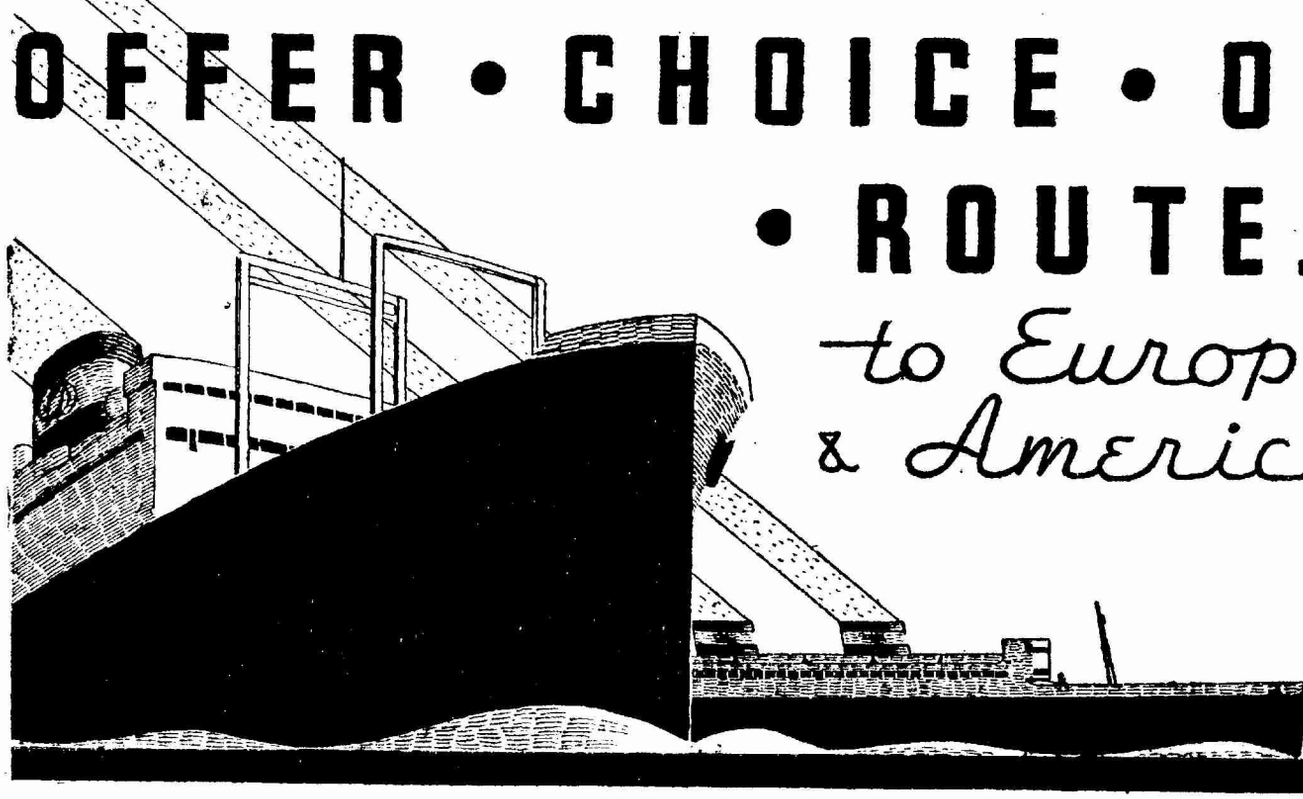

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Formerly Millard's Review

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SHANGHAI AND THE NEXT POLITICAL CRISIS IN CHINA

COL. N. W. B. B. THOMS, Commander of the local Volunteer Corps in the International Settlement in recent conferences with the local foreign chambers of commerce has urged the heads of foreign firms to encourage their junior members to join the S. V. C. On one occasion Col. Thoms made the statement that based on past history Shanghai has experienced complications at intervals of about once in three years. Whether Col. Thoms expects any complications in the near future was not stated officially, but the fact that an energetic recruiting campaign is now in progress would seem to indicate that trouble may be expected. Col. Thoms is planning to depart from Shanghai on Jan. 20 and will be succeeded by Col. F. R. W. Graham, who also is a British army officer. The present strength of the various foreign defense units in Shanghai, together with the names of the commanders of the units is as follows :

		Commanded by
American Marines - - -	1,900	Col. John C. Beaumont
British Regular Troops - -	1,500	Brig. G. Fleming
French Colonials - - -	1,390	Col. R. H. Labonne
Japanese Sailors - - -	1,900	Adm. T. Sugisaka
Volunteers (Int. Settlement)	2,100	Col. N. W.B. B. Thoms
Total present force - -	8,790	

We are not suggesting the possibility that early complications may develop with respect to the Shanghai foreign settlements, necessitating the mobilization of the defense units, but the fact that serious civil warfare is now in progress on the southern Chekiang border makes the subject timely. Gen. Chiang Kai-shek has between 150,000 and 200,000 troops scattered along the borders between Chekiang-Anhwei, Chekiang-Kiangsi and Chekiang-Fukien. Fighting of a more or less serious character has now been in progress for a considerable period on the Chekiang-Fukien front and according to report is beginning to develop also on the border between Chekiang-Kiangsi. Gen. Chiang Kai-shek has a tremendous advantage from the standpoint of numbers, equipment, resources and transportation, hence should be able to withstand the attacks of both the Nineteenth Route Army and the Kiangsi Reds, but experience has often shown that numbers and equipment do not always tell the whole story in Chinese wars. Political considerations and public opinion frequently are of much greater importance, witness the situation that existed here in 1927 when British intelligence officers sent to Hangchow to investigate the situation reported that Gen. Sun Chuan-fang, Chinese commander there was in an impregnable position and could not be dislodged by the Nationalists then commanded by Gen. Chiang Kai-shek, Pei Chung-hsi, Ho Ying-chin and Li Tsung-jen. They even said

the same thing about the Chinese defender at Shanghai but a few days later the defences at both Hangchow and Shanghai crumbled and the whole territory went over to the Nationalist troops.

The situation now has been reversed and Gen. Chiang finds himself in control of the Shanghai-Hangchow front with the weight of armament and resources on his side. Gen. Chiang should be able to win out, but should the Nineteenth Route Army or the Reds break through his lines, it would immediately bring the war to Shanghai's doors. The reason for this is that Shanghai and Nanking the financial and political capitals, must be the objectives of any force desirous of unseating the government. This means that Shanghai should be looking after its defenses and when we make this statement we do not have military defenses primarily in mind. The present foreign force, together with other force which could be brought here in short order, obviously should be able to hold the foreign concessions against any Chinese force likely to be concentrated in this area. But the matter of actually defending the foreign settlements against China is obviously not the most important element in the situation. The most important element has to do with the relations of the foreigners and Chinese who make up the population. This means that every effort should be exerted to eliminate possible sources of conflict between the Settlements as at present administered and the Chinese authorities and local Chinese population. One might easily imagine a situation where the foreigners would be able to successfully defend physical Shanghai, but united Chinese civilian opposition might, on the other hand, easily reduce the place to an empty shell, due to the fact that Shanghai's prosperity depends absolutely upon its good relations with China and the Chinese people. When regarded from this standpoint the actual defense of the foreign areas militarily is of obviously less importance than the matter of maintaining Good Will between the Chinese and foreign populations. It therefore is of tremendous importance that every possible effort should be exerted toward the removal of sources of dissatisfaction and discontent which might, conceivably, be fanned into open conflict under the stress of political excitement incidental to revolutionary developments in China.

THE OLD STORY OF "JAPANESE BRAINS AND U. S. MONEY"

THE *Japan Chronicle*, British paper published in Kobe, recently printed an extract from a report which Mr. Matsuyama, Japanese commercial councillor in London, made to the Tokyo Foreign Office on the matter of controlling the trade between Japan and Great Britain. Briefly the recommendation was that the Japanese should form a federation of exporters' guilds which would monopolize the trade at the Japanese end. As to the receiving end in England, that also should be monopolized by Japanese merchants in London who are interested in the importation of Japanese goods into England. The Japanese importers in England, according to Mr. Matsuyama, should also form a guild, possibly including foreign (British) merchants as well as Japanese and this guild should work in close cooperation with the federation of exporters' guilds in Japan and thus they would have complete control of the trade—just like that—which would have the effect of removing all "obstacles," otherwise British merchants from the trade. The editor of the *Chronicle*, being British, apparently did not think much of the plan for he headed the article, "Ingenious Scheme."

American merchants in China, concerned in the import of American goods into this country will also be interested in the rejuvenation of an old scheme originally proposed by Baron Shibusawa for the Japanese control of all trade between China and the United States. Recently several Japanese writers, or Americans who write from the Japanese angle, have suggested that since the Japanese are the only people who really "understand" the Chinese, that the Americans should turn over the China end of their businesses to the Japanese. As suggested there is nothing new in the scheme for it was originally proposed by Baron Echi Shibusawa in an article which appeared in *Century Magazine* sometime during 1915-1916, following the presentation of the notorious Japanese Twenty-One Demands. The old Baron, who once led a commercial mission to the United States and who was knighted by his government for his efforts in promoting Japanese-American friendship, argued that since the Japanese understood China and were going to control the country anyway, the best course for the Americans to pursue would be to withdraw their merchants from China and turn over their agencies to the Japanese who really "understood" the Chinese. In other words, if America desired to participate in the great economic development of China, she should cooperate *through* Japan. Thus the Americans would be spared the worries incidental to direct dealings with the Chinese and could remain at home and collect the profits or the interest on their loans to Japan—just like that! The fact that the Japanese now think they have Manchuria securely nailed down, have extended their military influence throughout north China and are preparing to do the same thing at Shanghai and in Fukien, probably is responsible for the revival of the old Shibusawa scheme.

Somehow or other we can not imagine the local American chamber of commerce getting overly enthusiastic about this Japanese scheme which, if put into effect, would lead to the elimination of American merchants from the China trade. But instead of wasting our gray-matter on the subject in this after-New Year period, we are going to refer our readers briefly to an article which was written by none other than George Bronson Rea, who is now serving as Japan's agent for the puppet state of Manchukuo in Washington, D. C. Needless to state, Rea's article in opposition to Japanese-American cooperation in China was written a considerable time before he saw the "light" and switched his affections to the land of the Rising Sun. His article appeared in the Chinese Students' *Monthly* and consisted of no less than fourteen pages of arguments in opposition to the "Shibusawa-plan." We quote his exact words: "The 'Open Door' has been closed to us in Manchuria, Shantung and Fukien, and American rights circumscribed in other parts of China. So after effectively closing and locking the door to American capital in China, Japan announces that now we have the money to invest we must cooperate with her. Japan has the men—men able, trained and capable in holding the positions of managers, engineers and foremen who are versed in the ways of the Chniese and understand their traditions and prejudices. They can be hired much more readily and at much less expense than Americans. Therefore it would be very unwise for us to send our own managers and skilled men to China to direct any enterprise our capital may be invested in." After thus stating the Japanese proposal, Mr. Rea then proceeded to tear it to pieces, using in the process some fourteen pages. But we do not intend to use all of it, only a few pertinent sentences: "Baron Shibusawa is far from the truth when he says that the Japanese understand the Chinese better than any other people. Their failure and refusal to understand the Chinese character is demonstrated by their constant bullying and browbeating of these peaceful people, has built up a wall of enmity that only years of patient application of real friendship and honorable dealing can break down. The first requisite to harmonious and profitable cooperation in China is the good will of the Chinese. This Japan has forfrited by her arrogant aggressions on China's sovereignty and cold disregard of Chinese susceptibilities.

While this sentiment prevails, the foreigners who might be intimidated or persuaded to cooperate with Japan in the 'peaceful exploitation of China' might as well throw their money into the ocean for all the returns it will bring. . . . If Americans, as the last of China's foreign friends, are to abandon her in her hour of need, and help rivet the links of Japanese bondage and over-lordship of their defenseless land, we cannot complain if in desperation, China throws herself into the arms of Japan and with her infinite resources of men and wealth, makes possible that dream of Japanese domination over the other races of the world . . . From the Japanese viewpoint, determined as they are to extend their commercial control over China, such an argument may appear perfectly legitimate, but analysis indicates that it is opposed to all accepted principles underlying the expansion of foreign trade, while it is callously indifferent to the just and reasonable aspirations of the Chinese to participate in the development of their own country. The proposition savors of a cold-blooded, selfish denial of the rights of the Chinese to rise above the level of the workingman, and is typical of that thoughtless, unsympathetic disregard by Japan of the susceptibilities of intelligent Chinese. It ignores the existence of that large number of graduates of foreign colleges patiently awaiting employment in China, and indicates that the heart of Japan is selfish and obdurate where the rights of China are concerned."

Why continue the argument—we leave it to Mr. Rea!

RUSSIAN WHITE-GUARDS RECEIVING ACTIVE JAPANESE SUPPORT

THE presence of four Japanese army officers named Nishimura, Ono, Matsuchita and Ikemi at the recent opening of a branch in the Shanghai French Concession of the so-called "Union of Soldiers of the Russian Far East," has lent force to the reports which have been in circulation for sometime that White Russians are being recruited in Shanghai for service in Manchuria. According to a report of the inaugural meeting which appeared in the local White Russian paper *Kopeika*, there were some 80 Russian "whiteguardists" present and addresses were made along the line that the Shanghai climate did not agree with White Russians, "hence a move back to Manchuria and even colder climes was shortly in prospect." The head of the local organization is a "General" Jukovsky, who claims to be the representative of the notorious Japanese-employed Cossack bandit leader Semeonoff who is now in Dairen and who for many months has been active in assisting the Japanese in recruiting "guards" for service on the various Manchurian railways and for other purposes. The article in the newspaper *Kopeika* quoted Jukovsky as declaring that the time was coming for "creative work with a firm front and a disciplined organization." In an appeal on Dec. 19, on the sixteenth anniversary of the formation of the Special Manchurian Force by Semeonoff, Jukovsky referred to the "special assistance" given by the Japanese to this organization.

The activities of Semeonoff are too well known in the Far East to warrant further elaboration. He is frequently referred to in Gen. Graves' book, "America's Siberian Adventure," as a bandit who "received material support" from the Japanese military authorities during the course of the Allied military intervention in Siberia in 1918-1920. On Page 86 of Gen. Graves' book appears this description of Semeonoff, "In September, Semeonoff, who was later shown to be a murderer, robber and a most dissolute scoundrel, came to see me. He was being financed by Japan and had no convictions that would interfere with his doing as the Japanese directed. He always remained within striking distance of Japanese troops and as a matter of fact he had to do this because he could not have existed one week in Siberia, if he had not had the protection of Japan. He was always talking about 'the restoration of the Motherland.'" Following the withdrawal of the Japanese troops from Siberia in 1922, Semeonoff went to Japan and since has alternated his residence between Japan proper and Dairen with occasional trips to Tientsin and Shanghai where he has attempted to keep in touch with his former followers. In 1929, during the course of the Chinese-Soviet hostilities in north Manchuria the Japanese Government released the sum of Yen 2,500,000 to Semeonoff which had been held in Japanese banks following the collapse of the Koltchak regime at Chita.

In view of current reports that Japan is now actively planning another "Siberian adventure" with the object of occupying the Russian Maritime provinces and Vladivostok, there is special interest in the renewed activities of Semeonoff and his followers both in Manchuria and at Shanghai. The *New Republic* (New York) on Dec. 6 published a letter signed by a correspondent named Liston M. Oak which contained the following paragraphs referring to so-called white-guardist activities not only in the Far East but also in the United States and other countries,

> The organizations of former Tsarist officers and Russian aristocrats, capitalists, landlords and other remnants of the Tsarist regime, under the leadership of the Brotherhood of Russian Truth, are openly soliciting funds with the stated purpose of aiding White Guards in Manchuria, who are lending themselves as tools of Japanese imperialism. Further, these counter-revolutionary Russians boast of their conspiracies against the Soviet government. Arson, wrecking and assassination, to be followed by imperialist intervention, are advocated by the "Bulletin" of the Central Committee of the Brotherhood of Russian Truth, as well as by The Fascist, The Russkaya Gazeta, Novoye, Russkoye Slavo, all White Guard organs in the United States. Their avowed plans include the organization of an armed uprising against the Soviet government, the assassination of Soviet officials both inside the Soviet Union and in capitalist countries, a widespread espionage system, the fabrication of forged documents and other measures intended to involve the Soviet government in conflicts with other governments. . . .
>
> Similar anti-Soviet plots have been uncovered in the Soviet Union upon numerous occasions during the past sixteen years, notably in the 1930 Ramzin trial and the trial of the British engineers last year. Thus there is some basis for the White Guard boast that they have already caused some damage to the national economy of the U.S.S.R. The White Guard plots are no specter, no invention of a fevered imagination, but a very real threat.
>
> The Brotherhood of Russian Truth has recently been joined by the newly formed "general staff of Russian Fascists," which is a subsidiary of the ROND—the League of Russian Nazis. Their activities were intensified when the prospect of recognition gave all evidence of becoming a reality. During negotiations, the White Guards (pretending to speak in the name of tens of thousands of Russian-American citizens) sent telegrams to the President of the United States opposing "negotiations with Soviet murderers" and imploring the United States government "in the name of Christian civilization" to abandon negotiations with Litvinov.

Rumanian Premier Assassinated by Fascist Fanatic

The Prime Minister of Rumania, M. Duca, was assassinated in Bucharest, Dec. 30, at the railway station ar Sinaia just after he had an audience with King Carol, by a youth named Constantinescu, a member of the Fascist pro-German "Iron Guard" organization. M. Angelescu, who was appointed to succeed the former Prime Minister, refused to take office on the ground that the Government could not give sufficient protection. M. Titulescu, a most able statesman, is reported to have telegraphed from St. Moritz resigning as minister of Foreign Affairs.

Third State Lottery Drawing Held Dec. 29

The drawing of the third State Lottery took place at the Canidrome, French Settlement, Shanghai Dec. 29, in the presence of a large crowd of Chinese and foreigners. The scheme of holding lotteries to raise funds for the National government is proving successful and preparations have already been made to hold a fourth lottery. The first prize of $500,000 was won by ticket No. 313817. The winning ticket was sold through a small exchange shop in Rue du Consulat and had been split up into a number of shares.

Roosevelt, Stalin, Molotov and Litvinov Discuss Dangers to World Peace

President Roosevelt—"Ninety percent of the world's population are content with their present territorial limits and are willing to disarm if the others will. The fear that the other ten percent may be swayed by that leadership which seeks territorial expansion is responsible for the threat to the peace of the world. If the ten percent could be persuaded by the other ninety percent to renounce that leadership, permanent world peace would be possible."

Joseph Stalin—"Japan is a real danger to the Soviet Union. We would like to have friendly relations with the Japanese, but unfortunately this does not depend on us alone. If more reasonable elements, more prudent counsels prevailed in Japan, then the two countries could live in amity, but we fear that the military faction may push saner policies into the background. There is a grave danger. We cannot but prepare to meet it."

Viachslav Molotov—"Soviet peace policy has been best characterized by Russia's willingness to sign a non-aggression pact with Japan and by Russia's offer to sell the Chinese Eastern Railway. But provocative acts on the part of Japanese military elements have made the situation difficult. The Soviet Union must remember that the danger of attack is still present. Both Germany and Japan have left the League. . . The Soviet Union is in a dangerous position, surrounded as she is by capitalism, but those who try to attack us will only break theis necks."

Maxim Litvinov—"Both Japan and Germany are contemplating aggressive war . . . If I am not mistaken the Japanese and the Germans have even discovered a racial similarity between themselves. This is quite possible since 'race' has ceased to be a purely ethnological term and has become something like a name for military organization. . . . Japanese policy is the darkest storm cloud on the international political horizon . . . Japan is making unjustified claims for the Chinese Eastern Railway and the impression has been created that the Japanese are deliberately provoking us to stronger action than protests . . . The Soviet Union did not want to violate its peace policy, hence offered to sell the Chinese Eastern Railway to Japan, but we found that Japan offered such laughable compensation as to indicate that Japan thought the road was being sold only to save face. The Japanese then abandoned arguments of words and started an argument of fists . . . The Japanese military authorities are considering the seizure of the Maritime provinces and Vladivostok. At a time when we are only taking defensive measures, Japan is feverishly preparing for war . . . . "

ALTHOUGH it was a coincidence that these statements of the American Chief Executive and the highest officials of the Soviet Union were made on the same day (Dec. 29) this did not detract from their significance, a significance which was not lessened by the fact that both Roosevelt and Molotov referred in favorable terms to the efforts of the League of Nations to check interventionists. Roosevelt said the League directly and indirectly had influenced the world toward a better means of settlement of differences between nations and while the United States did not contemplate joining the League, it was cooperating in those matters obviously representing the views of peoples of the world as distinguished from the views of political leaders and the privileged classes. Litvinov's reference to the League was in connection with Germany's and Japan's withdrawal. Germany had withdrawn in obvious connection with her desire to develop armaments, hence considered her participation in the Geneva organ as an impediment. Japan had withdrawn from the League in connection with her desire for complete freedom for her intervention in China. "It so happened that even the League, to a certain extent, stood in the way of the 'freedom' of action of interventionists. In this connection, a certain impeding role of the League with regard to forces desiring to rush into battle, must be recognized as a favorable fact. However different are the reasons given for the withdrawal, we must take into account the main fact, namely that these important actions do not in any way help the cause of consolidation of universal peace. On the contrary they help to release the most reactionary and aggressive forces."

Thus have the heads of two important nations, not members of the League, certified to the efforts of the Geneva organ, when it did make a definite stand on the fundamental matter of world peace. According to the *Havas* report of Roosevelt's address which was delivered before the members of the Woodrow Wilson Foundation, he declared, "Today, more than ever the United States will

ANOTHER "EARTHQUAKE" IN JAPAN

This cartoon by Thomas in the *Detroit News* indicates how the Russo-American handshake produced a shock in Japan.

openly cooperate with the League of Nations. The League is the pillar of the world peace structure. We are not members of the League and do not envisage to become such, but we will bring to it all our collaboration in every effort towards protecting the life and welfare of the peoples of the whole world."

In is however, in connection with the definite menace to world peace as exemplified in the actions of Japan in the past two years, that most persons in this part of the world are particularly interested. Without mentioning

A BEAR AROUND THE CORNER

Japan's expansion program receives a check—Cartoon by Knott in the *Dallas News*, emphasized general feeling in the United States that Russo-American rapprochement would help in solution of Far Eastern problems.

Japan, President Roosevelt declared that 90% of the world's population were content with their territorial limits and were willing to disarm if the others did. In other words 90% of the world's population is in fear of the other 10% which may be swayed by a leadership which is seeking territorial expansion. "If the majority of nations signed an agreement such as the United States presented to the world providing for the abolition of aggressive weapons and the sanctity of territorial borders —the agreement would be effective only when signed by all nations—then the minority of nations believing in aggression could be deterred . . . The political leaders of all nations sitting in Geneva will offer ridiculous arguments and excuses in justification of the failure of those generous propositions, but I assure them that men and women, in whose name they are speaking, are so much ahead of this school of politicians that we could immediately obtain a world accord on world peace, provided the peoples of the world speak themselves . . "

Turning again to the *Tass* report of Molotov'a speech, the Chairman of the Council of People's Commissars of the Soviet Union declared, "We have no doubt that the struggle for peace, the struggle against new imperialist wars, meets the deepest wishes of the masses of the U. S. S. R. and in other countries as well. In the situation when elements tending to promote new imperialist wars constantly increase in international relations, when this manifests itself in the face of growth of armaments and war budgets, when direct preparations for new wars are proceeding in various places before everybody's eyes—in this situation the government of the Soviet Union sets itself to the task of strengthening the struggle for peace, despite the growing aggressive intentions of ruling groups in some countries . . . In the course of this year, Soviet diplomacy has secured outstanding successes. Openly and decisively exposing the aggressive imperialist forces, opposing them by its clear proposals, deprecating the attempts to settle international differences by force of arms, Soviet diplomacy fulfilled its tasks with honor . . . Recollect our proposal to all countries at the Disarmament Conference to conclude a pact directed against aggressors, against those who incite war . . . The delay in decision on this question at the Conference did not prevent our diplomats from concluding a pact, giving definition of 'aggressor' with a number of neighboring states, Poland, Finland, Estonia, Lativa, Lithuania, Rumania, Czechoslovakia, Turkey, Persia and Afghanistan."

It also was brought out in this connection that the Soviet Union has proposed the negotiation of similar pacts of non-aggression with both Japan and China. Japan has definitely rejected the proposal, while China, according to Litvinov's statement, "is examining the draft submitted by the U. S. S. R."

Greatest significance of course attaches to the declarations of all three of the Soviet leaders on the Japanese issue, brief excerpts of which appear at the beginning of this article. In the fuller report of Litvinov's address which was issued through the official *Tass* service, he declared, "We used to trust Japan to such an extent that we left our Far Eastern frontier almost defenceless, but the situation began changing with the beginning of military operations in Manchuria, about which the Japanese Government gave explanations which explained nothing and did not convince anybody. The Japanese Government gave us official assurances that our interests, particularly on the Chinese Eastern Railway, would not suffer. These assurances were repeated while the Japanese armies gradually advanced until the time of complete occupation of Manchuria and the formation of the so-called 'Manchukuo.' In spite of those promises, direct attacks on our interests began soon, and the work of the railway was broken. The entire world was astonished at our coolheadedness and patience. The more calm and patient we were, the more impudent and provocative became the actions of the Japanese authorities in Manchuria. Not desiring to yield to provocation, we offered to sell the C. E. R., wishing only to get back the cost of the railway; but in the course of the negotiations we ascertained that Japan did not want to purchase it, but wished to receive the railway as a present. Instead of verbal arguments, the representatives of Japan resorted to the peculiar method of seizing the railway with the help of the police, and criminal elements of Manchuria

White-Guardists . . . The Japanese attempted to assure us that Japan has no relation with these unlawful acts, alleging the 'independent' state of Manchukuo is responsible for them. But when speaking of this independence, we, as well as the entire world, have our own opinion. The Japanese troops are gathered on the border of Manchuria, war equipment has been brought there. Highways and railways are being built. A menace arose not only to the Chinese Eastern Railway, but also to the Soviet frontier. Our Government was obliged to begin strengthening our frontiers by sending necessary military forces. We do not desire to make war, do not desire to threaten Japan, and we demand that Japan similarly respect our rights and interests. The first step for Japan is to prove her peaceful intentions by a cessation of the policy of arbitrary police actions on the C. E. R., the restoration of our violated rights, and after that the continuation of negotiations pertaining to the commercial price of the C. E. R. The next step must be the conclusion of a non-aggression pact. We wish to hope that Japan will act in accordance with the sensible advice of her sensibly minded patriots and not upon the advice of her military adventurers."

The declaration of Molotov was equally to the point: "The policy of the Soviet Government toward Japan is clear to the working masses, not only in the U. S. S. R. Nobody could demand from us greater proof of our peaceful intentions than is provided by all the facts so widely known, beginning with our offer to conclude a non-aggression pact, our positive consent to sell the C. E. R., our attentive attitude towards all business questions—for example, the question of Japanese concessions in the Far East. This however, has not prevented some organs of the Japanese press and some Japanese officials from engaging daily in dirty fabrications of various rumors about the aggressive intentions of the U. S. S. R. One day they circulate a report alleging that 'agents of the G. P. U. organized an attack on the Manchurian border. The next day they ascribe to fantastic 'agents of Moscow' the organization of an anti-Japanese campaign in China, etc. Many more fictions are circulated by them daily. All this is done certainly only in order to cover up anti-Soviet outbursts and anti-Soviet provocations of their own agents. Aware of their growing isolation, the most reactionary Japanese military circles are particularly afraid of cooperation between countries like the U. S. S. R., the United States and China, against those who incite war in the Far East. They themselves exaggerate the possibilities of such cooperation and expose themselves to panicky denials of their own fictitious reports. They are terrified by the gigantic growth of the U. S. S. R., and, losing their self-assuredness, they even more stubbornly assert—'This is the most convenient time.' All this shows that we have no right to close our eyes to the danger of war and aggression. Is it necessary to state again what it means to us? Whatever was necessary to state in this connection has been already said. It is our task to continue unwaveringly in the policy of peace in the Far East and of improvement in our relations with Japan, simultaneously preparing ourselves for all possible attacks and complications, from which we, unfortunately, cannot consider ourselves secure at present . . . "

Whether it is still possible for the intelligent civilian leaders of Japan to curb their outlaw militarists is impossible to say, but surely there should be some sensibly minded patriots in the country with sufficient courage to halt the present drift toward war. Obviously there can be no mistaking the import of the declarations of American and Russian leaders, both of whom desire peace, both of whom are opposed to aggression, but both of whom recognize the significance of the Japanese menace to peace and are making most definite preparations to meet that menace!

The War on the Chekiang-Fukien-Kiangsi Borders Becomes More Serious

ALTHOUGH Shanghai has not as yet paid much attention to the war situation on the Chekiang-Fukien-Kiangsi fronts, this does not mean that the situation is unimportant. It is merely another example of the workings of the so-called "Shanghai-mind" which is uninterested in Chinese political crises unless or until they create political disturbances on the outskirts of the foreign settlements. Then Shanghai usually becomes tremendously wrought up and begins yelling for the foreign gunboats. However, it should be stated that Shanghai's present lack of interest in political-military developments of a most serious nature on an extensive front ranging from 200 to 250 miles to the south and southwest of this city is not entirely the fault of Shanghai. It is due partially at least to the fact that the local newspapers have paid little attention to it. It was not until Tuesday of this week that the Chinese newspapers began to feature the war situation and even then the reports were so restrained, due to the censorship, that little real information was given.

The fighting between the forces of the National Government and the Nineteenth Route Army began on December 3, or more than a month ago when Nanking planes dropped bombs on four Fukien cities where political mass-meetings were being held. The towns were Shahsien, Changchow, Yenping and Chuanchow and according to reports received in Hongkong some 20 persons were killed and ten injured. The mass-meetings were being held in celebration of the inauguration of the so-called "People's Government" in Foochow which embraced politico-military leaders of the 19th Route Army and the so-called "Third Party," composed largely of members of the Left Wing in the Kuomintang who were expelled from the party following the inauguration of the Nanking Government and the collapse of the Hankow Government in 1927.

The first mention of clashes between Gen. Chiang Kai-shek's army and the Fukien rebel forces appeared in the Chinese newspapers on December 17 and 18, following which the fighting has increased in severity and now extends along the entire Chekiang-Fukien border from Pingyang on the southern Chekiang coast, just south of Wenchow, to Puchang which is located in the extreme northwestern corner of Fukien near the intersection of the Chekiang, Fukien and Kiangsi provincial borders. In recent days there have been further reports of clashes between Nanking troops and the Kiangsi Communist forces along the Kiangsi-Chekiang border in the vicinity of Kiangshan, which town is the terminus of the new railway extending in a southwesterly direction from Hangchow, which has just been completed. Thus it is correct to say that fighting has now been in progress for practically three weeks along a 250-mile front between Government forces numbering from 150,000 to 200,000 and rebel forces belonging to the Nineteenth Route Army and the Kiangsi Communists numbering anywhere between 50,000 to 100,000. The leaders of the Nineteenth Route Army have repeatedly denied that there is cooperation between their military forces and the Reds, save that both are trying to bring about the down-

fall of Gen. Chiang Kai-shek, but it is obvious that some sort of military understanding exists between the two groups because Fukien is no longer worrying about its western border. Also, there have been reports in the Chinese papers to the effect that the Fukien People's Government may surrender a considerable portion of southern Fukien to the Reds. Up to the beginning of the present week the official Nanking reports circulated through *Kuomin* always referred to their Fukien enemies as "bandit-communists," making no mention of the 19th Route Army, but the reports circulated on Tuesday of this week began to call them the Fukien "rebels," an apparent admission that the earlier reports alleging that the Kiangsi communist troops were occupying vanguard positions in the enemy army were either incorrect or were issued for political effect.

While the Nanking forces took the offensive by launching airplane bombing attacks on Changchow, Chuanchow and other Fukien cities on Dec. 3 and followed it up with still more serious air-bombings at Foochow, Amoy and Changchow on Dec. 24, 25 and 26, the offensive by land forces was started by the 19th Route Army along the southern Chekiang border beginning on Dec. 17 and 18. According to detailed reports now beginning to appear in the Chinese newspapers the 19th Route forces are advancing into Chekiang by three routes: (1) by way of Pingyang which has as its objective the port of Wenchow which Gen. Chiang Kai-shek is using as a base for his airplanes as well as the transportation of troops and munitions inland, (2) by way of Taishun and Chingyuan which are about 100 or 150 miles back from the coast, (3) by way of Yinping, Yangko and Pucheng, which is designed to prevent the Nanking forces from advancing down the valley of the Min River to Foochow. The fighting still further west along the Kiangsi-Chekiang border apparently is being conducted by small bands of communists operating in "guerilla" fashion, which always has characterized red military activities.

Owing to the strict censorship it is difficult to determine just what has happened along the Chekiang-Fukien border in recent days but Nanking reports through *Kuomin* on Jan. 2 admitted that serious fighting was in progress at Taishun, Pingyang (Kinyuan), Chingning and further to the northwest of Yenping. This indicates that the Fukien rebel forces have penetrated a considerable distance into southern Chekiang, a fact which received further confirmation in the Chinese edition of the Shanghai *Evening Post* on Jan. 1 and 2. According to the report in the *Evening Post* on Jan. 1 the Fukien troops at Taishun and Chingyuan had joined and were launching a determined attack on Chingning, which is about 20 miles north of the border and about 75 miles inland somewhat southwest of Wenchow. The report stated that the situation had become "extremely tense" and that Taishun had practically been destroyed with heavy losses to the civilian population. The earlier reports that the Government troops had occupied Yenping, important Fukien city on the Min River, about eighty miles northwest of Foochow, apparently were not correct for Nanking reports through *Kuomin* on Jan. 2 told of fighting to the northwest of Yenping and at Pingnan. It therefore appears from the reports that the opposing sides are trying to out-flank each other, Nanking by advancing on Yanping and Fukien by driving into southeastern Chekiang to the west of Wenchow.

That the southern Chekiang border is difficult to defend is indicated by a study of previous military campaigns on this sector. In 1924 Gen. Sun Chuan-fang, an associate of Marshal Wu Pei-fu, drove northward into Chekiang from Fukien and easily defeated the forces of Gen. Lu Yung-hsiang, following which the Shanghai district was quickly occupied. In 1927 the Nationalist forces commanded by Pei Chung-hsi and Ho Ying-chin and directed by Gen. Chiang Kai-shek, advanced without much difficulty from Nanchang and Foochow into Chekiang province and defeated Gen. Sun Chuan-fang's armies in short order, following which Shanghai was occupied. In the present case, Gen. Chiang Kai-shek has a considerable advantage not only in military and munitions strength but also in air-forces and in addition Hangchow has been considerably strengthened through the construction of the new Hangchow-Kiangshan railway and numerous motor roads, some of which run southward from Hangchow to the southern border of the province, and of even greater importance the Nanking-Hangchow motor highway which enables troops movements directly southward into Chekiang from the National Capital without taking the circuitous railway journey by way of Shanghai. Gen. Chiang Kai-shek also has sent large forces from Nanking and Shanghai directly to Wenchow and thence westward to strategic points along the border. Gen. Chiang also has constructed aviation bases at Wenchow and Chuchow in southern Chekiang as well as at numerous points in northern and central Kiangsi. It was from these points that the recent airbombing attacks were made on Foochow and other Fukien cities, rather than from the main Government aviation base and training school at Hangchow. As a result of these air-bombing attacks the American and British consular authorities have decided to evacuate their respective nationals from Foochow and Amoy. A *Reuter* report from Peiping on Jan. 2 stated that the Americans and Britons at Foochow would be evacuated to Nantai Island while those at Amoy would be removed to Kulangsu Island. The report stated that British nationals in the Foochow district numbered 158 while the Americans numbered approximately 150. The Japanese apparently have refused to consider evaculating their nationals, consisting largely of Formosans, from either Foochow or Amoy, according to the report. It also was stated in the report that both the American and British legation authorities were seriously concerned regarding the properties of foreign missionaries located in the war zone as American mission property already had been damaged as a result of the air-bombing of Foochow. The British naval authorities on Dec. 30 prevented the Fukien authorities from searching a British cargo vessel, the *Haiching*, which arrived at Foochow from Hongkong. It was stated that the British naval authorities have notified the Fukien leaders that they will not permit the searching of British boats, but on the other hand will take steps to prevent British ships from carrying contraband. Y. Suma, first secretary of the Japanese Legation who was in Foochow on an inspection trip at the time of the Nanking air-bombing, has now gone to Tokyo, after stopping over in Formosa for a conference with the Japanese naval and military authorities on Japanese poilcy toward the Fukien situation. A *Rengo* message from Tokyo on Dec. 27 stated that the Japanese authorities were considering plans for evacuating their residents from Foochow to a safer zone as a result of the Nanking bombing raid on Dec. 24.

Thus far there have been no outstanding political developments since the circulation of Hu Han-ming's Eight Principles (see *The Review* for Dec. 30) which are still under consideration both at Nanking and Canton. A Hongkong telegram published in the *China Evening News* (Shanghai) on Dec. 30 alleged that Generals Chiang Kwang-nai and Tsai Ting-kai of the Nineteenth Route Army would shortly announce the liquidation of the so-called People's Government and would request Generals Li Chai-sum and Chen Ming-shu to retire from politics. It was claimed that this was being done in order to pave the way for a reconciliation and alliance between Canton and Fukien which in turn would serve as a basis for a Southern Alliance of Fukien, Kwantgung, Kwangsi, Kweichow and possibly Hunan against Nanking,

The report stated that Fukien was favorable toward the Eight Principles enunciated by Hu Han-ming as a means of solving the domestic political tangle. A Canton report received in Shanghai through the *Central Press* on Dec. 26 stated that the Fukien rebels appeared to be in "a mood for repentance" regarding their original drastic action in repudiating the Kuomintang Party. The report stated that Canton was seriously stirred by the reports of Nanking's air-raids on Fukien cities and had wired Nanking demanding a cessation of fighting and urging the calling of a political conference. Hu Han-ming on Dec. 25 was quoted as stating he would immediately proceed to Nanking in the event of the acceptance of his Eight Principles. He declared the only basis of settlement of present complications was the downfall of the present military regime in Nanking and abandonment of the so-called People's Government in Fukien. He stated further that the 19th Route Army had been compelled to take up arms against Nanking and that the "alliance" with the Reds in Kiangsi was not due to the desires of the Fukien leaders but had been made necessary by circumstances. The Southwestern Executive Committee on Dec. 22 sent a strong telegram (*Central Press*) to Nanking supporting the principles enunciated by Hu Han-ming favoring the abolition of military dictatorships. The Canton leaders on Dec. 20 sent a strong telegram to Sun Fo demanding the immediate cancellation of all agreements made in Peiping for the resumption of relations with the Japanese puppet state of Manchukuo. Chang Chi, who headed the Nanking delegation to Canton, stated in the course of a *Kuomin* interview on Dec. 26 that Canton and Nanking party leaders were in substantial agreement and that the Canton Kuomintang leaders probably would proceed to Nanking to attend the Plenary party meeting scheduled for Jan. 20.

Sun Fo, chairman of the Nanking Legislative Yuan, who went to Manila late in December, allegedly for the purpose of inducing the Manila Chinese to cease supplying funds to Fukien province, has now gone to Hongkong and Canton for a conference with Hu Han-ming and the Southern leaders. Tang Shao-yi, veteran Kuomintang leader, urged Sun Fo to join Canton and thus show his disapproval of the Nanking "militarists."

There has been considerable mystery regarding the attitude of the Chinese naval authorities, most of whom are natives of Fukien province. According to an interview with Gen. Tsai Ting-kai, which was published in the *Foochow Daily News* on Dec. 25 the Fukien authorities have reached an understanding with the Naval authorities whereby Fukien handed over to the Navy the control of the Mamoi fortress and other Naval establishments at Foochow and Amoy.

While an understanding apparently has been reached between Canton and Fukien regarding military matters along the Fukien-Kwangtung border, recent reports have indicated that the Kiangsi communists have had several clashes with the Cantonese troops along the Kwangtung-Kiangsi border. Gen. Chen Chi-tang, commander of the Canton troops ordered a further strengthening of his defenses in the East River district.

Reports in the Chinese papers on Dec. 30 stated that Canton had sent telegrams to Marshal Chang Hsueh-liang inviting him to stop off at Hongkong and Canton for a conference with the Southern leaders before proceeding to Shanghai. A Nanking report on Dec. 29 stated that Marshal Chang probably would proceed to Nanchang for a conference with Gen. Chiang Kai-shek, following which the Young Marshal would be appointed director of the Nanking Military Advisory Council.

A *Nippon Dempo* dispatch from Nanking published in the *Japan Advertiser* on Dec. 23 said that the official Nanking newspapers, *Chung-Yang-Jih-Pao* (Kuomintang organ) and Gen. Chiang Kai-shek's organ, the *Chung-Kuo-Jih-Pao*, had both published articles alleging that Japan was behind the Fukien revolt.

The Japanese newspapers on Dec. 18 published the full text of Hu Han-ming's denunciation of the Nanking and Fukien Governments which apparently was telegraphed to Nanking and Shanghai but thus far has not been issued by the Chinese newspapers. The statement was as follows:

"The Nanking Government is but a nest of militarists and bureaucrats and are traitors to the country as well as to the party. Recently I issued a manifesto to the nation dealing with General Chiang's weak-kneed policy toward Japan and urging non-interference by militarists with national politics and strict observance of the principles of the Kuomintang. My advices have not been accepted by the Government.

"The people have been deceived by the Nanking Government, whose sinister propaganda is that national unity is the first requisite for a settlement of the national crists. What does national unity mean? Does it imply surrender to Japan or some such treacherous act? Does it imply support for the military clan or real loyalty to the country and the party? This is what I wish to know most among other questions.

"Since the Manchurian incident broke out, I have continued to stress the necessity of three policies in order to deliver the country from the crisis viz.—resistance against Japan, suppression of the Communist evil and non-interference by militarists with politics. Without resistance against Japan national existence is impossible. Without subjugating the Communists national life is impossible. Before the militarist regime is ousted, both are impossible.

Facts Must Be Faced

"Let us turn our eyes to the present situation. Politics are in the hands of the militarists. Wherever there are arms there are politics. The real ruler of the country is not the Government but the chairman of the Military Affairs Council. Before him all would-be politicians are like mice before a cat.

"It is not the party but a conference in Nanchang or in Kuling that leads the nation. Politics thus lie in the hands of the militarists in defiance of the popular will. The militarists are so dominant that no one dares oppose them. The ruling class is seeking only selfish ends at the expense of the country's dignity. Can there be national unity in its true sense in the face of such a corrupt state of affairs?

"During the last several years I have always emphasized that, before the militarists are throw out of power entirely rehabilitation of domestic affairs in any form is not possible.

"Let me now turn to the Government's anti-Communist campaign which has now been in progress for five years. It has ended in complete failure, though a huge amount of money has been expended from the national coffers. The number of Communists in Kiangsi alone now totals roughly 100,000 and is still on the increase. The militarists are responsible for this rampancy of the Communists.

"The Nanking Government, for the purpose of 'military unification,' during the past several years has so squeezed the people as to completely exhaust them. The major part of these victims to militarist exploitation have had no alternative but to become bandits in order to gain a livelihood, and later to join the Communists. Before the Government is completely purged of hope for subjugation of the Communists, therefore, there is no hope for subjugation of the Communists.

New Regime in Fukien

"The new revolutionary government in Fukien has been one of the by-products of political corruption. The Communists, re-enforced by the Japanese invasion, will lead China to disintegration unless effective remedies are devised at once at the present moment.

"The country has four enemies—Japan without, the Communists within, the militarists in Nanking and the party traitors in Fukien. The crisis now is far greater than that which occurred during the latter period of the old Min Dynasty.

"If the people continue to entrust the conduct of politics to the militarists, the country is doomed either to ruin or hopeless dismemberment. At this time of national emergency, the people first must oust the militarist regime and establish in its place a real government based on the San Min Chu-i, to which I have been a strict adherent for the past 50 years.

"While combating imperialism, the Government must give the nation a chance to participate in politics, which is a principle of the Kuomintang, and at the same time must not allow the militarists to meddle with political affairs. All armies must be placed under the direct command of the Government against the Japanese and against Communists, while the present Military Affairs Council should be abolished altogether. Efforts must be made toward an improvement of agriculture and also a development of the industries. A perfect customs autonomy must be maintained while the present policy of reckless foreign borrowing must be brought to a speedy end. Only by adopting policies along these lines do I believe the country will be able to weather its grave crisis."

Sinkiang Warfare Renews, Nanking Decides to Intervene

Serious fighting has again broken out in Sinkiang between Gen. Sheng Shih-tsai, Border Defense Commissioner of that province, and the Mohammedan Commander Gen. Ma Chung-ying according to messages from Tihua end of last month. The scene of major fighting is now between Ili and Turfan and Gen. Sheng has brought airbombers into play against the Mohammedan forces. For two days Dec. 27 and 28, Tihua planes conducted aerial raids on Gen. Ma's forces and inflicted heavy damages. In consequence of the fighting, communication between North and South Sinkiang has been competely stopped.

A report from Lanchow, Capital of Kansu, Dec. 28, stated that Sinkiang provincial troops under Gen. Sheng were forcing an advance on Ili, while the Gen. Ma's Mohammedan forces were launching a counter-attack on Tihua in order to reinforce the forces under Gen. Chang Pei-yuan, who recently rebelled against Gen. Sheng in support of Gen. Ma. The 9th Division of Sinkiang under Gen. Han Chi-kung has been ordered by Kansu Authorities to Chungwei to strengthen the defences on the Kansu-Ninghsia Border in co-operation with the forces under Gen. Ma Hung-ping.

In view of the intolerable and dangerous situation in Sinkiang caused by the continued warfare between Gen. Sheng and Gen. Ma, the National Government is reported to have definitely decided to take drastic action to suppress both of the warring generals in that border province. To carry out this object, Government troops in Kansu have been ordered to march into Sinkiang to intervene in the situation and bring the province under direct control of Nanking.

A *Tass* telegram from Moscow Dec. 31 reported that according to information received there from Bakhty on the border of Sinkiang, the success of the Sinkiang provincial Government in its fight against Gen. Ma Chung-yin, who proclaimed the slogan of separation of Sinkiang from China, and against Ma's ally, Gen. Chang Pei-yuan, is becoming quite evident. This success means failure of a fresh imperialist plot in Sinkiang, aiming at the creation of a puppet "independent" republic. After a defeat near Karashar, Ma sent to Tihua a delegation soliciting peace. His army is disorganised also by an uprising in his rear, in Hami (in extreme Eastern region of Sinkiang) where the local population rebelled against the Tungan troops of Ma. The commander of a regiment was killed and men dispersed. In the North-West part of the province, Gen. Chang Pei-yuan has been forced to give up the offensive against Tihua, which he had started, and to defend himself. It is reported that disorders broke out in Chang Pei-yuan's troops stationed in Ili, because the Chinese garrison of fortress Kure refused to come out against the Sinkiang provincial Government. The detachments of former Manchurian troops, numbering about 1,000, sent by Chang Pei-yuan to occupy Tacheng, surrendered without fight to the troops of provincial Government. The military governor Sheng Shih-tsai has dispatched Tihua troops in the direction of Ili.

The developments in Sinkiang arouse great interest in Turkish circles, according to a *Tass* telegram from Istanboul Dec. 31. The newspaper "Vakyt", commenting on the reports on Sinkiang appearing in American, Japanese, and Indian press, points out that Japanese and British plots in Sinkiang are directed against the U.S.S.R. The newspaper states that Great Britain has spent 500,000 rupees on putting into effect her plans in Sinkiang.

According to a report in the *Osaka Manichi* Dec. 16, the Soviet *Tass Service* has recently circulated a telegram, stating that Japan is positively aiding in the Sinkiang disturbance and is planning to make Sinkiang independent of China as she did with Manchuria. Recently two Japanese army officers were sent to meet General Ma Chung-ying, a leader of the rebels in Sinkiang, and though their entry into Sinkiang was refused at Tihua by local officials, they made their way to Toerfan, where General Ma's headquarters are located. General Ma revolted in June this year but was defeated by the provincial troops of Sinkiang. Later he obtained a supply of arms from Japan, and gained much strength. Propaganda bills issued by the Sinkiang Moslems in Tokyo are being distributed in Sinkiang province. Abdul Kelim, formerly a Turkish prince, recently left Tokyo for Sinkiang. According to a report sent by Colonel Shoemberg, a British intelligence officer, Abdul Kelim has reached South Hotan in Sinkiang.

Mongols Urge Early Institution of Local Autonomy Regime

The Mongolian delegation at Nanking made an official call on President Lin Sen of the National Government Dec. 26 and again petitioned for the early institution of local autonony in Inner Mongolia in accordance with the program tentatively agreed upon at Pailingmiao between Gen. Huang Shao-hsiung and the Mongolian Princes. President Lin, after expressing welcome for their visit to the Capital, promised that the matter would be proceeded with as soon as the general principles governing the establishment of the local autonomy in Mongolia are promulgated. Interviewed, a spokesman of the delegation discredited the report that the Prince Teh, leader of the Mongolian autonomy movement, held another conference of Mongolian dukes and princes at Pangkiang, Mongolia, expressing dissatisfaction over the Pailingmiao Agreement.

A Nanking telegram Dec. 28 reported that President Wang Ching-wei of the Exchative Yuan had held several conferences with Mongolian delegation regarding the Mongolian autonomy issue and detailed measures for the execution of the program had agreed upon. More representatives of the various Mongolian Banners and Leagues are coming to the Capital, according to the report, and a Conference on the Mongolian situation as a whole will be held, when representatives of all the twelve Banners have arrived.

Prince Pan, of the Ulan-Tsab League, paid a visit to Tai-Yuan, Capital of Shansi, Dec. 26, after having held a conference with General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, at Hopein some days ago in connecton with the Mongolian situation. He was welcomed at the station by Chao Pei-lien, Deputy Commissioner to Inner Mongolia, and a number of officials of the Shansi Provincial Government. The Mongolian visitor inspected the Taiyuan arsenal and the aerodrome. and. left for Peiping Dec. 28 to return to Mongolia.

Questions relating to frontier affairs—with especial reference to Mongolia, Tibet and Sinkiang—were discussed at an extraordinary meeting of the Executive Yuan held Dec. 29 under the chairmanship of President Wang Ching-wei. Interviewed after the conference, President Wang said that with regard to the institution of local autonomy in Inner Mongolia, the Central Authorities will proceed with the task on the basis of the recommendations made by Minister Huang Shao-hsiung in his report to the Government on the Mongolian situation. The requests of the Mongolian Banners and Leagues in this connection are being considered by the Central Authorities.

In accordance with an order of the Executive Yuan, regulations governing the registration of magistrates for the Northwestern provinces of Ninghsia, Kansu, Sinkiang, Chinghai (Kokonor), Charhar and Suiyuan, have been revised by the Ministry of Interior and wll shortly be promulgated by the Excuetive Yuan. This step is taken in view of the lack of competent officials in these provinces. According to the revised regulations, any one having the qualifications and wishing to go to the border provinces may register and take examinations for service in the frontiers.

The Peiping *World Daily News* on Dec. 24 commented: "What is most needed at the moment is a settlement, not of political forms, but the fundamental problems presented by Lamaism; the rule of the princes, taxation, land prices and the reclamation of land in Inner Mongolia. The belief of the Mongols in Lamaism is the greatest obstacle to progress in their territory, and the question cannot be ignored when considering the future. The rule of the princes is in confiict with modern democratic principles. Commerce is hampered by the double taxation of goods, first by the provincial governments, then by the princes. The most important problem, however, is the question of land reclamation, because this affects the relations between the Chinese and the Mongols:

Veteran Chinese Admiral Dies Here at Age of 60

The death occured in Shanghai on Dec. 27, 1933 of Admiral Tu Hsi-kuei, former Premier and Minister of Navy of the Peking Government and a veteran Chinese naval officer, as a result of a sudden attack of pneumonia. Admiral Tu just celebrated his 60th birthday at the Chinese Naval Club on Dec. 20 and his death came as a great shock to many of his friends and relatives. Funeral service for the late admiral was held on Dec. 31 at the International Funeral Directors on Kaochiao Road which was attended by a large number of friends, including several high Government officials, mostly of the Ministry of Navy who once served under him in Peking.

Admiral Tu came to Shanghai only a short time ago from Mamoi, Fukien, where he held the post as Superintendent of the Chinese Maval College. Upon the outbreak of the Fukien revolt against Nanking, he left Fukien with all his students who have since been placed in Nanking.

Born at Foochow in 1873, Admiral Tu joined the Navy as a cadet at an early age. He graduated from the Nanking Naval College in 1902, where he was commissioned as a naval officer and was later given command of a torpedo boat under the Manchu regime. In 1912, upon the establishment of the Republic, Admiral Tu was entrusted with the defense of Fukien. In 1917, he became Commander-in-Chief of the 2nd Squadron and was promoted to the rank of rear-admiral in 1921. In the following year, he was appointed Commander-in-Chief of Chinese Navy and made a full admiral in 1924. Climaxing his career, he became Minister of Navy and concurrently Premier of China in 1926.

Admiral Tu had lived in retirement since 1926 after the establishment of the Nationalist Government at Nanking. In 1929, he was dispatched by the Nationalist Government on a mission abroad to investigate modern naval matters in Japan, Europe and America and while travelling in England, he was received in audience by the reigning King of England George V. He returned to China in 1930 and was appointed Superintendent of the Chinese Naval College at Mamoi which was the last position he held at the time of his death.

Admiral Tu is survived by a wife, three sons and five daughters, three of whom were married. His eldest son, Tu Kung-yuan, is connected with the Kailan Mining Administration in Tientsin.

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The Future of Fukien

C. Y. LEE (李春榮)

IT HAS been over a month since the Nineteenth Route Army threw away the cloak of the Kuomintang and declared its independence in Fukien. Apparently, this event, to some extent, shakes the foundation of the Kuomintang itself, and greatly diminishes the prestige of the Central Government. Men even conjecture if the Kuomintang can long exist since its adherents are deserting and disavowing its principles and rule; it is also doubted whether the Central Government can long stand, since military leaders, both Kuomintang and non-Kuomintang, rise against it one after another. On the other hand, the Powers concerned are watching the developments in Fukien with suspended breath, since this development is sure to affect their interests and may cause them to change their foreign policy toward China. Thus we see the Fukien revolt has a wider sense; it signifies a greater importance; it involves the Powers directly concerned. All such considerations depend on one question, and that is, what is the future of Fukien? Should it last long and continue to develop, further unexpected outcomes are sure to come. Were it suppressed or stunted, unusual happenings would not be occasioned. Men interested in Chinese politics can not but indulge themselves in dwelling upon this question.

To begin with, we know that in the present political system of any advanced country, some party stands behind the government; that is, government gets its power from, and owes its existence to, the party, which has its principles, organization, propaganda, etc. Has the newly-established government of Fukien anything amounting to these? Their slogans of equalization of landownership, cessation of Party rule, and continual resistance against Japan are rather, for the time being, policies, not permanent unchangeable principles. Indeed, the phrase "Cessation of Party rule" may mean either the cessation of Kuomintang rule or the rule of any party. If it is the former, Fukien has the Kuomintang to be its dire contender and will not have an easy challenge, since the Kuomintang has a long history, greater military power and strength, present political jurisdiction over most of China, and many other advantages over Fukien. If it is the latter, the stoppage of any party rule, the slogan will defeat its own ends, since without party, no government can exist.

Let us make a comparison between the Central Government and Fukien in various respects. Land forces of the Central government under the direct command of General Chiang alone nearly equal that of the Nineteenth Route Army, each side being five or six divisions, though the location of all those who owe their nominal allegience to the Central Government is difficult. Air and sea forces of the Central Government, beyond doubt, are greather than those of Fukien. Arsenals, dockyards, and all other war-facility works are turning out an enormous supply of ammunitions for the Central Government daily, while Fukien may have none. The Central Government is also way above Fukien in finance.

The attitude of the people has to be taken into consideration in this connection. Whatever government the will of people goes with, that government will survive. So far as the writer knows, the people of Kwangtung, tired of taxation and levy in their own province, disappointed with the non-resistance policy of the Central Government toward Japan, and having the fear of radical measures of the Nineteenth Route Army, favor none of the three parties. In a word, they take a possive attitude toward any government organization at present. Now with the people sided with none, we may know which will dominate, if unfortunately Fukien comes to the final struggle either with Nanking or Canton.

Since its eight years' establishment in Nanking, the Central Government has undergone a number of serious changes and has overcome various difficulties.

I am of the opinion that in the evolution of any country from decentralization to centralization, from chaos to order, from menace to peace, it is inevitable that the central authorities have to resort to force in order to suppress revolting parties. I have reason to believe that if no compromise is come to between the contending parties and even if the Central Government could not exercise its jurisdiction over Fukien at present, the significance of the Fukien revolt can be no greater than that of the Kwangtung revolt three years ago; that is, to remain independent and free from the Central Government locally.

Hing-ning, Kwantung Province, Dec. 25, 1933.

Tientsin Naval Hospital School Provided for in Sino-French Agreement

The new Sino-French agreement regarding the Tientsin Naval Hospital School, provides that 24 mows of the School compound will be set aside for the reconstruction of the buildings of the school, while 15 mow will be used for the building of new roads. For the rehabilitation of the Naval Hospital School, a Preparatory Committee will be formed by representatives of the Ministries of Interior, Finance, Education, and Navy. The salaries of the French members of the school faculty in arrears will be paid from the French Boxer Indemnity Refund, while those of the Chinese members will be raised by the Ministries of Education and Finance.

France Would Allow Germany Only 200,000 Conscripts

An aide memoire, running into 15 pages and containing the French reply to the German disarmament proposals, was handed to Chancellor Hitler and Baron von Neurath, the Foreign Minister, by M. Francois Poncet, the French Ambassador in Berlin Jan. 2.

The memorire is understood to be cordial and conciliatory, but it is still in the nature of a search for a fresh formula on which to base a fresh start in the disarmament discussions. France, it is stated, still clings to disarmament and is not inclined to allow Germany over 200,000 men in her conscript army.

Radio Administration Hopes to Increase Revenues

With a view to increasing the income of the Radio Administration, the Ministry of Communications is organizing a Radio Planning Committee. Regulations governing the organization of the new organ have been formulated at Nanking.

In protest against the non-increase of their salaries the workers of the Chinese Radio Administration declared a general strike Dec. 28, 150 workers being involved.

Cuba Still Wrestles with the Sugar Problem

Reports from Cuba during the week indicated that extreme unrest was evident in various parts of the island. The sugar problem is at the bottom of most of the difficulties. President Grau San Martin decreed Cuba's sugar quota as 2,315,459 tons. He ordered grinding to start from Jan. 15. There were persisent reports that 2,000 United States marines have been landed in Oriente Province to protect American sugar refineries during the forthcoming season of crushing the sugar cane. The Central Overseas Chinese Affairs Committee has urged the Government to lodge a protest with the Cuban Government against the enforcement of the new law prescribing that half of the employees in the factories and shops in Cuba must be natives.

Petition to Nanking to Ask for Korean's Release

The City Government of Greater Shanghai has appealed to the National Government to file representations with the Japanese Legation to secure the release of Kim Shek, local Korean resident who claims to be a naturalized Chinese citizen. Wang Ching-wei, President of the Executive Yuan, has ordered the Ministry of Foreign Affairs to seek his immediate release. Kim was recently arrested in the French Concession and handed over to the Japanese Consulate-General on charges of alleged participation in last year's Hongkew Park bombing. In the local negotiations, the Japanese Consulate-General is said to have refused to recognize Mr. Kim as a Chinese citizen, as his naturalization was not officially approved by the Japanese Government.

Huge Increase in Imports of Airplanes Into China This Year

One of the outstanding features of China's import trade during 1933 (which on the whole declined heavily) is that there has been a sharp increase in the import of airplanes and aircraft accessories. Taking the figures up to the end of October as issued by the Chinese Maritime Customs the total imports for the ten months were G. U. 5,665,007 as against G. U. 1,353,204 for the corresponding period of last year. Four-fifths of the aircraft coming into China come from the United States. (A "G. U.," gold unit, is equal to 40 cents U. S. *gold*—more than sixty cents in U. S. depreciated paper money).

Some interesting facts concerning the progress of commercial aviation in China during 1933 are contained in the annual report of Tai En-chi, general manager of the China National Aviation Corporantion. Of the four regular air mail lines operated by the company three were inaugurated during the current year. The Shanghai-Peking line was started on Janunry 10, 1933, the Shanghai-Canton line on October 24 and the Chungking-Chengtu line on November 11. The Shanghai-Hankow-Chungking service, also run by the company, has been in existence since 1930. Mr. Tai expresses the opinion that of these lines the Chungking-Chengtu service is, perhaps, the most appreciated by the public. Formerly it took 10 days to cover the distance between Chungking and Chengtu, but this has been reduced to two hours since the inauguration of the air service.

Plans for the formation of an Aero Club in China are being pushed ahead. The sponsors of the movement hope that the Government's aviation bureau will permit members of the proposed club to use the Hungjao airdrome and also loan them some aviation instructors and training machines.

A plane contributed by the members of the Aviation Bureau will be christened at Nanking on January 15, to be named *Aviation Comrades*.

The first survey flight on the C. N. A. C.'s projected Hankow-Canton air line was successfully staged Dec. 30 by Captain E. M. Allison, chief pilot of the aviation company, who took off from Hankow at 6 a m. and landed at Canton at 2.25 p.m.

The petition of Dr. H. H. Kung and other members of the Standing Committee of the Commission for the Promotion of National Aviation, for the unification of the names of the various aviation associations and the incorporation of the National Aviation Association into the Commission for the Promotion of National Aviation, as well as measures for such incorporation, was sanctioned at a recent meeting of the Executive Yuan. The petition is being forwarded to the Central Political Council for approval.

Curtiss Airplane Factory to Be Erected in China

An agreement has been reached between the Chinese Government and the American Curtiss Airplane Factory for the establishment of a branch factory of the company in China. The capital for the new factory is to be furnished by the Curtis Company and its output sold to the Chinese Government.

With a view to facilitating transportation and expediting the early conclusion of the bandit-suppression campaign, General Ho Chien, Chairman of the Hunan Provincial Government, is making special efforts for the development of aviation in said province.

The air line Moscow-Berlin will resume operations on February 2.

In orders to the China National Aviation Corporation and the Eurasia Aviation Corporaaion, through the Ministry of Communications, the General Staff Deparment at Nanking has given instructions that no foreign passengers be allowed in future to take cameras with them.

Miss Helen Rickey and Miss Frances Marsalis broke the world's endurance flight record at Miami, Florida, Dec. 29, having remained in the air for nine days and a half.

The Manchester Chamber of Commerce is supporting the proposal part for an air mail service from England to China. A deputation waited upon the Under Secretary for Air in London on November 29 in connection with the project.

Plans for a dirigible mail and passenger service from the Pacific coast to the Philippines have been revived in the U.S.A. and the first stage of a trans-pacific line will be inaugurated as soon as Congress passes the necessary legislation. There may be a race between the Goodyear-Zeppelin company and the Pan-American Airways for the distinction of establishing the first line. The Goodycar-Zeppelin company was organized as a special concern to handle the Goodyear interests in "lighter-than-air" transportation.

The All-Russia Air Transportation Trust has decided to inaugurate a regular trans-Siberian air mail line, between Moscow and Vladivostock beginning of 1934.

Lieutenant-Commander Thomas G. W. Settle, famous for his recent balloon ascent into the stratosphere in the United States, is to be transferred to the U. S. Asiatic Fleet next June at his own request.

A record of 9,530 miles in four days, four hours and 40 minutes was recently put up by the Royal Netherlands mail plane *Pelikaan* in a flight from Amsterdam to Batavia.

A recent Nanking message stated that the French Government has decided to construct an airdrome in Annam and to augment the French military forces on the Annam border. The ostensible reason is said to be the desire of the French authorities to safeguard Annam from invasion by the aborigines and bandits of Kweichow and Yunnan, but the report is received at the Chinese capital with much misgiving.

The United States Navy is constructing a new type of fighting plane, equipped with a double, supercharged motor, and expected to be one of the fastest type of military aircraft in the world.

Ten people were killed near Bruges, Belgium, Dec. 30, when the Imperial Airways' plane, Cologne to London service, crashed in a fog.

Death of Dr. C. C. Wu at Age of 48 Closes Notable Career

Dr. C. C. Wu, formerly Minister of Foreign Affairs and Chinese Minister to the United States, passed away at his Hongkong residence on Jan. 2 at a rather premature age of 48. He died of a sudden attack of cerebral hemorrhage. Dr. Wu had a long and distinguished record in the service of Chinese Government, being ranked as one of the most brilliant diplomats China has ever produced. His premature death is a distinct loss to the country.

Born of a distinguished family in 1886, Dr. Wu was the son of the late Wu Ting-fang, veteran revolutionary leader and diplomat in the early days of the Republic. He received his early education in the United States where his father was Chinese Minister at Washington and completed his advanced study in England. He was graduated from the London University in 1911 with the degree of LL.B. and was called to the bar at Lincoln's Inn. Shortly after the establishment of te Republic, he returned to China and was appointed director of the foreign affairs department of Hupeh Province. He was elected a member of the Peking Parliament in 1913 and made a councillor of the Ministry of Foreign Affairs in the 1914. Following the episode of Chang Hsun's attempt to restore Monarchy in China in 1917, he went to Canton and joined the Canton Military Government which had been formed for the defense of the Provisional Constitution of 1912. In 1918, he was appointed vice-Minister of Foreign Affairs of the Southern Government. During the Paris Peace Conference in 1918 after the conclusion of the Great War, he headed the South China Delegation and served in various commissions. In 1924, he became Minister of Foreign Affairs of Canton Government and concurrently Chairman of the Council of Judicial Administration.

Dr. C. C. Wu

When the National Government was formed at Nanking in 1927, Dr. Wu was appointed the first Minister of Foreign Affairs. which post he held until 1928 when he was sent on a special mission to the United States. He was the first Chinese delegate to the Assembly of the League of Nations in 1929. The same year, he was made envoy extraordinary and minister plenipotentiary to the United States.

In 1930, Dr. Wu represented China at the conference for the Codification of International Law at The Hague. He was given the honorary degree of L.L.D. by the University of Missouri in 1931, shortly before he resigned from his post as Chinese minister to Washington.

Upon his return to China, Dr. Wu was appointed president of the Judicial Yuan, but he declined. In 1931, he was appointed Reclamation Commissioner of Hainan Islands in southern Kwangtung, but was forced to abandon his work because of the war between Gen. Chen Chi-tang and Admiral Chen Chak in 1932. During the last year or so, Dr. Wu had been travelling extensively in the interior of China, having visited most of the famous spots in North as well as Western China. He left Shanghai for South China four or five months ago.

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Tense Situation on Fukien-Kwangtung Border

A recent Hongkong message to the *Shun Pao* stated that the Communists are making an attempt to attack now that the Fukien forces are heading northward to attack Chekiang. Ma Cheh-tung, a notorious Communist leader who has recently been appointed Commander of the Second Group Army of the People's Revolutionary Army by General Tsai Ting-kai, is now somewhere in western Fukien and he has with him no less than 10,000 well-equipped Communist forces. Although they have not yet shown signs of making a southward invasion the Canton authorities are feeling extremely nervous and orders have been given to the troops on the Kwangtung-Fukien border to strengthen their defences at Chiaolin and Tapu.

General Chen Chi-tang, commander-in-chief of the Cantonese armies, has offered rewards in connection with the erection of works against the Communists in Kiangsi. A reward of $200 will ne paid on the erection of any fort large enough to accommodate one battalion of troops, while a reward of half that sum will be paid for the erection of a smaller fort big enough to accommodate one company of troops.

General Chen Chi-chang, Field-Commander of the 3rd Column of the Western Route Bandit-suppression forces, reported Dec. 31 that an attack on Puchi and Sienning, in southern Hupeh, by 2,000 Reds was repulsed after a fierce battle. The defeated outlaws later retreated to the Hupeh-Hunan-Kiangsi border.

Military reports from the Fukien front indicate that since their alliance the Fukien rebels have allotted western Fukien to the "Reds." Being anxious to secure a seaport, the "Reds" have arranged with the rebels to map out the Fukien coast fron Yunhsiao to Chaoan, south-eastern Fukien, as the garrison posts of the brigands.

General Chiang Kai-shek Dec. 29 received a telegram from General Liu Hsiang, reporting the miserable state of affairs at Suiting, in Szechuen, after its recapture from the hands of the Communists. General Liu states that when his troops reoccupied the city, they found that all the able-bodied inhabitants had been compelled to march away with the Communists, leaving only the aged and invalids. Most of the houses in the city were deserted and a greater part of them had been demolished by artillery fire.

According to information from military sources received at Nanking several days rgo a small detachment of Communists made a sudden appearance at Wanshoukung, a point fifteen miles from Nanchang.

Canton Sends More Troops to East River

In view of the seriousness of the situation on the Fukien-Chekiang border more troops have been despatched to the East River from Canton. General Li Yang-chin, who is in full command of the Cantonese troops in that region, has proceeded to Chiaolin to inspect conditions in the first line. Under orders from General Chen Chi-tang, the Canton air force at Meihsien is now conducting frequent scouting flights over the border districts.

Dressed in the uniforms of the Fukien rebels, 10,000 Reds under the notorious Peng Te-huai and Yeh Chien-ying are reported to have reached western Fukien Dec. 26. The situation along the Kwangtung-Fukien border has become tense. The various Kwangtung units stationed in northern Kwangtung have been instructed by General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, to exercise extra vigilance against the marauders.

City Near Changshu Is Pillaged by Bandits

Tunglai, a town in the vicinity of Changshu, in Kiangsu, was thoroughly pillaged by a band of about 80 bandits on the night of December 27. The total loss is estimated to exceed $100,000. The news of the raid was conveyed to Changshu and Wusih by a nearby telephone outpost. By the time help arrived the bandits had already departed.

Japanese Allege that Soviets Are Spreading Red Doctrines in Fukien

A recent Shanghai message to the *Osaka Asahi* stated that Soviet Russia is taking advantage of the establishment of the independent Government in Fukien to spread Red influence in that province. She is giving positive, though surreptitious, help to the Communists in that region. Soon after the outbreak of the rebellion, an official of the Eastern Bureau of the Third International was detailed to Fukien to take charge of political maneuvrings. The Foreign Office of the Nanking Government, says the dispatch to the Osaka journal, takes a serious view of the situation, and it appears that Wang Ching-wei, the Foreign Minister, issued a strong warning to the Soviet Ambassador in China the other day, reminding him of Soviet Russia's pledge given at the time of the restoration of diplomatic relations between the two countries to veto Red propaganda in China.

Notorious Bandit Chieftain Executed Near Peiping

Wang Hsiao-kua, notorious bandit chieftain who operated in the district south of Peiping, was executed at Tienchiao, Dec 30, togother with Han Kuei, the right-hand man of Wang. Wang and Han were tried by a military tribunal on December 23 and sentenced to death. The sentence was confirmed by the Peiping Branch Military Council on December 26.

In the course of the trial Wang admitted that he had been responsible for many outrages south of Peiping. In one case he killed a family of seven persons by setting fire to their house. He was a native of Yuanping and began life as a farmer. He had served both in the Shansi and Mukden armies and turned bandit in 1930.

Brazil Ministers Resign—Near Revolution in Argentine

A long-expected ministerial crisis in Brazil came to a head Dec. 9 with the resignation of the Minister of Finance, Dr. Oswaldo Aranha, and Dr. Mello Franco, Minister for Foreign Affairs.

What is regarded as having been an attempted radical revolt against the Conservative regime was suppressed Dec. 29 in Buenos Aires and in other parts of Argentine. Twenty persons were killed and many others injured during serious disturbances in Rosario, where one mob threw bombs at the police barracks with a view to capturing them, while other bands of rioters attacked the headquarters of the police and the arsenal.

Marshal Chang Hsueh-liang Due in Shanghai Jan. 8

General Chang Hsueh-liang, former Commander in Chief of the North-eastern frontier defence (Manchuria), is due to arrive at Shanghai on Jan. 8. A number of North-eastern commanders will welcome him here; others have proceeded to Hongkong to welcome him there. Mrs. Chang Hsueh-liang is not returning to China for the present, but is remaining in England where her children are at school.

Commandante Mario de Bernardi, the leading Italian airman and winner of the Schneider Cup race in 1926, sailed for Shanghai on Dec. 16 from Brindisi (Italy) by the liner *Conte Verde*, in company with Marshal Chang Hsueh-liang. It is reported that Commandante de Bernardi will become an instructor to Chinese fliers. He will use two demonstrating airplanes placed at his disposal by an Italian airplane company, with a view to getting orders from China.

Women's Native Goods Year

Commenting on the designation of the year 1934 as the Women's Native Goods Year, the *Chen Pao* urges the women of the country—especially college girls—to refrain from buying foreign imported goods. While waitresses, dancing partners and sing-song girls often wear clothes made of foreign materials, the *Chen Pao* observes, they do so largely because of the special nature of their occupations, success in which usually depends on the latest fashions in clothes. However, there is no justification whatever for college girls to waste money on clothing made of imported materials. The educated and intelligent women of the country should therefore, as far as possible, buy native goods, instead of foreign products, said journal urges.

Russian Reds Said to Be Flocking Into Shanghai

The *Osaka Asahi* Dec. 20 stated that there has been a marked increase of late in the number of Russians (many of them Reds) visiting Shanghai. Especially since the restoration of diplomatic relations between Soviet Russia and America, has there been an increasing number of Russians visiting Shanghai on passports visaed by an American Consulate. For instance, Mr. Kazkarafski, Borodin's adviser, is stated to have arrived here under an American name. It is reported that he is working for the Fukien Communist Party, and an organ directing Communists in China.

President Roosevelt Delivers Inspiring Message in Person

President Roosevelt Jan. 3 personally delivered his message to Congress. He reviewed the progress of the recovery program during the past six months. After appealing for co-operation to restore the national well-being, he pointed out that the gold program had the twofold purpose of strengthening the financial structure and arrival at a well-based medium of exchange. He declared that America was definitely on the road to recovery and that the hard beginning was over. Apart from the President's speech, the greatest interest is centered in the Budget, which is expected to total at least five thousand million dollars. It is predicted that new taxation will have to be imposed to meet the growing deficit. Strong resentment is being expressed against the Treasury's attempt to control all the gold holdings of the Federal Reserve Banks.

Japanese Reactionaries Plan Even More Drastic "Peace Preservation" Law

AMONG the Bills to be laid before the forthcoming session of the Japanese Diet is one relating to revision of the Peace Preservation Law. The Law in force consists of seven articles only, but the revised one will comprise five chapters, embracing 40 articles. The outstanding feature is that a thought offender can be kept in prison indefinitely until he "repents." The first chapter lays down the general rules, making clear the position of the Law in relation to the Criminal Law, the Code of Criminal Procedure and other related laws and regulations. The second chapter defines the offences falling under the purview of the Law. Acts aiming at the alteration of national polity and those aiming at the abolition of the private ownership system are dealt with under different articles, severe penalties being provided for the former. The members of a secret society formed with either of the above-mentioned objects are to be severely punished, and the members of an association with connections with the secret society for the attainment of such objects are to be punished equally severely. Even persons who do not belong to organized societies are liable to condign punishment if found guilty of propaganda acts in favor of the alteration of the national polity or the repudiation of the private ownership system. The third chapter deals with criminal procedure, and the fourth is concerned with the protection and supervision of converts. Judicial protectors are to be appointed to see that those from whom prosecution has been withheld, those for whom execution of sentence has been stayed and those who have been temporarily released are duly protected, and that the necessary vigilance is kept over their behavior.

The Japanese national debt stood at about Yen 8,000,000,000 at the end of the fiscal year. Nearly Yen 1,100,0000, worth of national bonds will be issued during the present fiscal year. A heavy issue of rice notes under the control law is also considered inevitable. The aggregate loan issue will then become enormous.

As regards the loan program for the present fiscal year the recent Cabinet Council has fixed the total for ordinary accounts at Yen 785,000,000. Yen 100,000,000 worth will also be issued to be handed to various parties in lieu of cash payments.

In political circles the principal topic at present is the future of the present coalition Cabinet. Yosuke Matsuoka, Japan's head delegate at the League meetings on the Manchurian problem, has come very much into the limelight again. He recently seceded from the Seiyukai, pursuant to his conviction that all political parties ought to be dissolved. In an address before an enthusiastic audience at the Japan Young Men's Hall in Tokyo recently, which lasted more than three hours, he said that Japan is faced by crises at home and abroad, and as the years 1935 and 1936 have a really serious national difficulty in store for Japan, it is up to the whole nation to remain firmly united during the next five years. He urged that all domestic strifes should cease and that party politics must be done away with. Fifty years' experience had shown that party government does not suit Japan, he said. He compared them to a garment borrowed from Western countries, now smeared with mud.

Chauvinists of the Matsuoka type find their in inspiration in the squabbles between the two leading parties, the Seiyukai and the Minseito. In Government circles, the view is prevalent that neither party has definite plans or objectives for rapprochement. There are nevertheless signs that cooperation between the Seiyukai and the Minseito will be promoted considerably during the Diet session. In the last session of the Diet, the Seiyukai, which commands an absolute majority in the House of Representatives, monopolised the Chairmanships of all Standing Committees. Now, that there is talk of rapprochement, it is believed that the Seiyukai, if approached by the Minseito, will be glad to give one or two Chairmanships to the latter.

Mr. Matsuda, the chief manager of the Minseito party speaking at a recent social meeting of the Diet members of the Party, said that much of the criticism of the political parties was misdirected. He said that in all circles, religious, educational, official, etc., corruption prevails to-day. Compared with others, political parties are much better, he said. He urged his party as well as others to endeavor to improve themselves. It would never do for party men to be dismayed by criticism, or to be misled into the false course of advocating the dissolution of parties, he said, as it was only through the efforts of political parties that the reform of constitutional politics can be attained; that is why the Japanese Constitution recognises the freedom of organizing societies.

Mr. Takahashi, the aged Minister of Finance, in a New Year message said Japan has been an ardent champion of the Far Eastern peace and has sought nothing but an honest and peaceful expansion of trade for the promotion of the well-being of all peoples as well as her own nationals. He said he especially desired that the new year would see that the countries of the world should come to understand the real position of Japan better than in the past year. Japan's desire for concord and cooperation with all the countries of the world and her especial eagerness for cultivation of friendly relations with her immediate neighbors was emphasized also in a New Year Message by Mr. Hirota, Japanese Minister for Foreign Affairs.

An improvement both in export and import was recorded in Japan's foreign trade during 1933, according to statistics complied by the Finance Ministry. During the period between January 1 and December 25 there was an increase of Yen 434,804,000 or 32.4 percent in export trade and Yen 470,378,000 or 33.8 percent in imports as compared with last year.

The value of Anglo-Japanese friendship as a factor in the maintenance of world peace was emphasized by Prince Tokugawa, veteran Japanese statesman and former president of the House of Peers, in an interview in London Dec. 26.

The *Tokyo Jiji*, in announcing the return of Sir Francis Lindley, the British Ambassador, to Japan says that it is believed his return to his post will be the occasion for a new orientation in British policy towards Japan. Because the Far Eastern situation has undergone a marked change since Japan's withdrawal from the League of Nations, Britain has been changing her point of view regarding the Far East. Britain fears that the downfall of General Chiang Kai-shek's influence may put her interests on the Yangtsze in jeopardy, and for the protection of these interests she stands in need of Japan's help. In such circumstances, says the *Jiji*, the British Government is now obliged to amend the pro-Chinese and anti-Japanese policy which it has hitherto been following.

As the result of a series of consultations held between the representatives of the Ministry of the Commerce and Industry and a group of merchants and traders interested in Japan's trade in Egypt, the organization of a Japan-Egypt Trade Society for the promotion of commercial relations between the two countries has been decided upon.

Christening Ceremony of Imperial Infant Held

The christening ceremony of the heir to the Japanese Throne took place at the Imperial Palace in Tokyo Dec 29. He has been named Tsugunomiya Akihito ("Princely Heir of Enlightened Benevolence.") The newly-adopted name of the child was reported to the Spirits of Imperial Ancestors enshrined in the Imperial Sanctuary in accordance with age-old Japanese traditions.

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Closely following on the heels of the recent resignation from the Seiyuaki, of Yosuke Matsuoka, chief Japanese delegate to the last Assembly of the League of Nations, Kazue Shoda, another influential member of the party and at one time Japan's Education Minister, sent a written resignation Dec. 30 to the President of the party, Dr. Suzuki, formally severing relations with said political body.

Japan—the Most Prosperous Country in the World

Chokuro Kadono, on his recent return to Japan from London where he served the Japanese Delegation to the World Economic Conference as chief adviser, in a recent address, delivered in Tokyo, said he was pleased to find that Japan is the most prosperous nation in the world, with her trade and commerce comparatively quite unequalled in activity.

Commenting on the international trade situation, *Osaka Asahi* says that according to investigations made by the Trade Bureau of the Department of Commerce and Industry, of the five principal Powers of Japan, Britain, America, Germany and France, Japan's foreign trade alone took a favorable course during the first ten months of this year. This favorable progress is ascribable to the improvement of quality in Japanese goods, and the fall of the yen exchange, but, continued said Osaka journal, it is open to doubt whether Japan's future warrants optimism, in view of the fact that no fewer that 27 countries, alarmed by the vigorous headway of Japanese goods in the world market, have been moved to adopt measures to check their importation, and that there are indications that such restrictive measures will be intensified hereafter.

Tatsuichiro Funatsu, Director of the Japanese Cotton Mill Owners' Association in China, in an interview in Tokyo Dec. 28 after a tour of China, said the Japanese cotton spinning mills in China are now prosperous, due to greater demand. It is noteworthy, he said, that the demand for Japanese cotton cloth is growing among Chinese in the Yangtsze region, the very hot-bed of the anti-Japanese agitation and boycott about two years ago.

Communism Penetrates Judicial Circles

Formal reprimands were issued to a number of judges and other officials of the judiciary in Tokyo Dec 22 as a result of the discovery some months ago of the existence of Communism among officials of the judicial system. The reprimand was issued on the occasion of the completion of the preliminary examination of Yonosuke Tamenari, former judge of the Nagasaki District Court, whose case was the outstanding one, although a number of minor justice officials also stand accused of harboring radical beliefs.

After some time spent in seeking the reason for the suicide of Miss Yasuko Iwakura, younger sister of Prince Tomohide Iwakura, in Tokyo Dec. 22, the Police have reached the conclusion that it was caused by humiliation over a temporary connection with the Communist movement and the belief that she had thus betrayed her class. She slashed her throat with a razor at her brother's residence.

Following up revelations of powerful drives against subversive elements in Japan within the last five years, the Japanese police Dec 22 lifted the governmental press ban on widespread anti-Communist activities at Osaka, revealing that employes of three banks there have been infected by Marxian thoughts. Lifting of the ban permitted the announcement that 1,530 persons had been arrested in Osaka by the police authorities since last February on charges of Communist activity, and that 178 of them had been formally indicted. One group plotted to attack government organs on the occasion of Lenin Day, in January and national foundation day on February 11 which, however, were frustrated by police vigilance. Most of those arrested are likely to be charged with contributing money to the communist party's funds. A group of twenty-two persons rounded up late in February are charged with plotting "Red" outrages on March 5 when the "International Anti-Unemployment Struggle" was to be launched.

Impending Change in Manchukuo Status

At various times during the past few months hints have come from Tokyo that something is likely to happen of great importance in the near future with regard to Japan's relations with Manchuria. The latest of such hints was a *Rengo* telegram dated Changchun, Jan. 1 which stated that following the New Year Day ceremony, an important conference of leading officials of the Manchukuo Government took place in the Office of the State Council. Premier Cheng Hsiao-shu and other members of the State Council as well as other leading officials of the government took part in the conference which lasted for more than two hours. It is learned that the conference discussed "a question of supreme importance to the existing status of Manchukuo." The subject of the Constitution it said to be one of the questions discussed at the conference. Beyond this nothing concrete is known but it is intimated than an important announcement embodying the result of the conference will be made public on or near January 15.

The Manchukuo Government on December 25 issued new loans to the amount of Yuan 11,928,000, for indemnifying private shareholders of the three semi-official railways, namely, Mukden-Hailung, Hulan-Hailun and Tsitsihar-Roshan railways, which the government took over based on the policy of the nationalization of all the railroads in its territory. According to them, the shareholders of the Mukden-Hailung Railway are to be paid between 24 and 25 yuan per share, those of the Hulan-Hailun line 28 yuan and the indemnity rate for the Tsitsihar-Koshan line is to be slightly less than 80 yuan per share.

Molotov Says League Is a Brake to Warlike Intentions of Germany and Japan

A sharp contrast between the improvement in the Soviet's relations with both France and Poland, and the "threat contained in the present attitude of Germany and Japan," was drawn by M. Molotov in opening the new session of the Central Executive Committee in Moscow Dec. 29. M. Molotov said that the Soviet's relations with Great Britain were satisfactory despite the fact that they had been strained at the time of the Metro-Vickers affair (when four British engineers were arrested on a charge of sabotage in the electrical industry.) Trade negotiations between the Soviet Union and Britain, he added, were now proceeding normally. M. Molotov asserted that the League of Nations had proved a brake on "the warlike intentions of Germany and Japan" and declared that Japanese elements feared Soviet co-operation with the United States and China in the Far East.

The Political Bureau of the Communist Party Dec. 30 approved a vast expansion program embracing all lines of Soviet industry and which must be completed by 1937. The program, a major part of the Second Five-Year Plan, lays particular emphasis upon the consumption of Soviet-made textiles, goods and foods in order successfully to complete the Plan. Further details of the Second Five-Year Plan are expected to be announced next month, although the Second Plan dates back from January 1, 1933. In its first year, it had only a generalised prospectus rather than a detailed program to carry out.

It was announced in London, Dec. 29, that the negotiations between Great Britain and the Soviet Union for a new commercial treaty, which have been in progress for several months, have been transferred to Moscow, where they will be carried on by the British Ambassador, Lord Chilston, and M. Litvinoff, Soviet Foreign Commissar.

William C. Bullitt, U. S. ambassador to the Soviet Union and Alexander Troyanovsky, Soviet ambassador to the United States, embarked from Havre Dec. 30 for the United States. Mr. Bullitt is expected to return to Russia in the near future after selecting his staff.

C.E.R. Negotiations to Be Shifted to Harbin

The Soviet-Manchukuo negotiations for the transfer of the C.E.R., which encountered a deadlock in October of last year, owing to the divergence of views between the Manchukuo and Soviet delegates, will be transfered from the Japanese capital to Harbin for the final sitting sometime during this month.

Real Estate Review of the Realty Investment Company for 1934

Looking forward the year 1934 is promising. The year just past was not a very active one in sales but the prices remain firm. Nowhere is there a tendency to sell for less and there is no tendency to a slump in values. The most active section during the year was the Western extension with every indication that trading would increase. The public improvements outside the Settlements are sure to be reflected in sales in many sections; the section around the civic centre will probably be the most active by comparison.

New buildings during 1933 showed a gain of more than twenty percent over 1932. Accepting the figure of 50 million for 1932, a conservative figure for 1933 would be 65 million, which is a very satisfactory increase.

Of course there is the tendency to compare the present year with the boom years of 1930 and 1931, but the present year is substantial in spite of unsettled conditions.

The amount of new buildings within the Settlements was well distributed, the largest amount being in the large Western districts, while outside the Settlements the districts of Nantao and Chapei have been neck and neck for first place among the districts in Greater Shanghai.

Rents remain firm, new buildings have been filled promptly, leaving the less desirable vacant for needed improvements to attract new tenants. In apartments the only vacancies are in the larger and more expensive ones, while the small apartments are constantly in demand.

Japan Fears Her Strong Attitude Will Break Down Disarmament Conference of 1935

(By the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

AS has already been stated in former issues of *The Review*, the sentiment of the general public of Japan has been greatly stimulated by the sensational articles on the possible arrival of a national crisis in 1935-6 published by various periodicals since October last. And, as Dr. Eijiro Kawai insists the "extraordinary time," which is now one-and-a-half years old, appears to have steered its course in the minds of the people more definitely toward the naval conference to be opened in 1935. Causes for the expected crisis of 1935-6 are many, such as, the country's withdrawal from the League—which will become effective in February, 1935, the Soveit's Second Five Year Plan's entering into its fourth year program, and the revision of both the London and Washington Treaties. But, as is insisted on by most influential persons of the country, the centre of the critical time is believed to be the coming Washington conference and its result. With reference to this point Professor Eijiro Kawai of the Tokyo Imperial University writes in his article published by the December number of the *Keizai Orai* as follows :

The phrase "extraordinary time" has recently come into vogue in Japan. We cannot define what is really meant by this phrase, for it seems the significance which it represents has often been subjected to change since it was first invented one or two years ago. However, it appears that the phrase is generally taken at present as meaning the disarmament conference to be opened in 1935 and its result. That this may prove the fountain-head of an extraordinary time for the Japanese people none would deny.

Dr. Katsuji Inahra, President of the Foreign Affairs Association of Japan, states in his comments on the crisis of 1936 published in the Oct. 15 issue of the *Economist* :

Some of the Powers still entertain a firm determination to wrest Manchukuo from the hands of Japan by opening the second Washington conference.

Kiyoshi Tsutsui of the Foreign Office begins his article on the "Crisis of 1935" printed in the October number of the *Keizai Orai* with such a high-pitched tone as,

The Naval Conference to be opened in 1935 is likely to be converted into a second Washington Conference. At this parley all the Pacific and Sino-Japanese questions will be liquidated. The conference will end in rupture unless concession is made on our part. What, if it terminate in a failure? We must be prepared both for peace and war.

Dr. Ashida, M. P., a noted diplomatic critic, states (*Bungei Shunju, Dec., p. 215*) that the crisis of 1935-6 is emphasized militarily and not diplomatically. From these contentions of the leading critics, from the materials gathered below and from what he daily sees and hears in Tokyo the scribe feels he may safely assert that it is because the people cannot but anticipate the unsuccessful termination of the 1935 conference in consequence of Japan's uncompromising attitude that they pin their piercing attention on the conference. With a view to adding more light upon the attitude Japan will take at the 1935 conference, the scribe also has gathered criticisms on the London Conference and its relations to the coming parley, dividing the whole material into two sections—the London Conference and the Disarmament Conference in 1935. Articles seriously commenting on the London Conference and Treaty are as rare as morning stars, presumbly for reasons suggested in Mr. Ito's sharp criticism given below.

THE LONDON CONFERENCE

Circumstances in which the London Treaty was Concluded and Japan's National Defense

(By Tota Ishimaru of the Navy,—Toyo Keizai, Sept. 30)

The opinion that the London Naval Treaty was concluded in disregard of our state defense has recently come to the fore in our country. Of course we are not satisfied with the ratio fixed at the conference, but our entertaining apprehension on the affair is not warranted for reasons that follow :

Prior to the opening of the London Conference, between Britain and the United States an understanding was reached to some extent, which made it necessary to cut open a way to compromise between Japan and the United States. After a few discussions between the two countries the difference of their insistences centered around the large-size cruisers and the submarines : as to the large-size cruisers the United States insisted on giving Japan the ratio of 72.3% until 1935 and 65% until 1936, whereas Japan wanted 70% even after 1936 ; the United States tried to persuade Japan to be satisfied with 45,000 tons of submarines, whereas Japan insisted on having 77,900 tons as the lowest limit for State defense. In this way a wide gap was created between the two countries.

Up to this time the negotiations were mostly conducted between our delegate Matsudaira and Mr. Reed of the United States, Seeing the negotiations had come to a deadlock the chief delegate Wakatsuki saw Mr. Stimson and had a tete-a-tete. Mr. Stimson coaxed Japan's chief delegate to make concessions, assuring him that the United States wanted merely to reserve the right to construction of three cruisers in question for form's sake but had no intention whatever actually to build them.

This suggestion and assurance on the American side called forth strong opposition from the military suite and the negotiation came to an impasse.

Weighing the international situation at that time and the grave consequence that might follow the rupture, concession was at last made on our part and a Japan-American compromise was drafted at the Reed-Matsudaira interview.

Then the Chief delegate referred the draft plan to the home Government for instruction, in the face of a strong opposition from the young naval officers who were with him. Inasmuch, however, as the documents have the signatures of both the the chief naval delegates, Adms. Takarabe and Aho, Baron Wakatsuki, the Foreign Office officials ought not to be singled out to be made the butt of criticism.

A strange incident happened in this connection, when a certain naval delegate, after signing the draft plan, secretly wired to the Naval General Staff to the effect that the draft plan referred to the Government for instruction was not the last resort but left margin for further negotiation. The strong opposition with which the Naval General Staff received the draft plan from London was entirely due to this telegraphic advice.

A certain diplomat, who accompanied Baron Wakatsuki to London, was indignant when he mentioned to me, "I believed that an act of treachery never existed among the Japanese attendants at an international conference, but I was sadly disappointed by finding one just before my nose." It is thus but natural that a certain kind of partition was erected between the Navy and Foreign Office and the Government.

The navy strongly urged to have one more fight even at the risk of driving the parley into a breaking point. In some quarters of our country they maintained that no naval construction race would ensue even if the conference went aground, but I could not but deny the idea as I had fresh in my memory the astoundingly large-scale naval construction plan drafted by the United States after the failure of the Geneva disarmament conference in 1927.

As to my contention that the London Naval Treaty does not necessarily run counter to the defensive measures of the country, I have to point out the fact that difference between the 70% as supported by the Naval Staff Office and the 65% stipulated in the London Naval Treaty each against the 100% for the United States, is represented by one 10,000 ton class cruiser. That is to say, the question is whether or not the absence of this one 10,000 ton class cruiser, menaces our national defence.

The United States stations one 10,000 ton cruiser in the neighborhood of Manila, which, in the event of an outbreak of war, will oblige Japan to despatch a cruiser of the same class toward this direction and this will to no meagre degree handicap the decisive battle of the main fleets on the waters of the Bonin Islands. But if only we could emerge victorious at the engagement of the Bonin waters, the activities of the cruiser in the South Sea would sooner or later be sealed. Consequently therefore the difference of the strength of one cruiser is of little consequence.

With reference to submarines, our demand for 78,000 tons was cut down to the same level as Britain and the United States, that is, 52,700 tons. In the light of the spirit of the disarmament conference we can find no reason to make objection to this reduction in the tonnage of submarines. Only we have to redraft our strategy in accordance with the reduced tonnage.

True to her traditional custom the United States has not carried into effect the right to the naval construction ; the public opinion of the country is strong enough to restrain the Navy authorities.

It is not Britain but Japan that has built most, for Britain has had to replace her aged vessels. The United States constructed the

least; to construct her navy up to the treaty limit she will have to build 35 vessels covering 316,000 tons. This is why the United States has not been able to contemplate crossing swords with Japan since the time the Manchurian incident happened.

Another abstract feat of the London Treaty is its having improved Japan-American relations, to such an extent that some Americans even declared that the United States would never interfere in Japan's Manchurian enterprise. There is still another merit, and that is the dawning of the prospect of the revision of the immigration law.

The nation must never forget at this critical juncture the fact that the saftey of the State should be built not only upon the foundation of armament but also on the mutural confidence among the Powers.

Baron Wakatsuki's Refutation

(By Baron Wakatsuki, Japan's chief delegate to the London Conference,—Tokyo Nichi Nichi, Oct. 12)

That the London Naval Treaty should be made an object of public attack at this time is rather surprising. Irresponsible utterances are being freely made by those who have but a very superficial knowledge of the matter. I have not hitherto said much about the treaty because I happened to be connected with it, but I can no longer be silent in the face of a deliberate misunderstanding and misrepresentation.

There were three important principles which Japan endeavored to vindicate in the conference. These were: (1) Japan must have a ratio of 7 in auxiliary craft to America's 10 (2) She must have a ratio of 7 in large cruisers to America's 10 (3) She must have 77,800 tons in submarines, regardless of what tonnage other Powers hold in this particular class of vessels.

On the basis of the foregoing principles, I conducted negotiations. Against our request the United States insisted (1) that she must have a ratio of 10 to Japan's 6 in auxiliary craft, (2) that she needs 10 large cruisers to Japan's 6, and (3) that submarines should be entirely scrapped and abolished. The London treaty was the result of earnest efforts of both sides for mutual compromise and conciliation.

The London treaty will expire in 1936. After that, the treaty will have no effect upon naval relations of the signatory nations. It is clearly stated in the treaty itself that after the expiration of the pact the signatories will be free to make any proposals concerning naval questions, wholly independent of the provisions of the old treaty. In addition to this unmistakable stipulation, I myself, as the head of the Japanese delegation, made in the last plenary session the following statement: "Japan is by no means satisfied with this treaty. She has decided to sign it merely because its term is short. Another naval conference is to be held in 1935; she reserves the right in that event to make fresh requests in accordance with needs."

Through the conclusion of the naval pact, the financial burden of the nation was greatly relieved. The pact has also largely contributed to the promotion of international peace and friendship.

Today one ton of capital ship costs between Y.3,000 to Y.4,000; it costs roughly Y.100,000,000 to build one capital ship. Supposing the London conference failed, the signatories would also have failed to reach an agreement in extending the period of capital ship holidays until 1936. In other words, it would have entailed a national expenditure of over Y.360,000,000.

In addition to this vast expenditure, the failure of the conference would have greatly weakened the friendly tie between the United States and Japan. I have always been of the opinion that we must maintain the utmost cordial friendship with America. I thought that for the sake of friendly relations with the United States and for the sake of relieving the national burden, it was for the best interest of Japan to sign the treaty. With strong confidence, therefore, I proposed that the Tokyo Government accept the treaty. And to this day I remain unshaken in the belief that I did the right thing.

It is clear from the documents the late Yuko Hamaguchi left that my proposal was duly considered in a joint conference of the Ministry and the Navy, and that the latter expressed its approval. This being the case it is incorrect to think that there ever was a case of encroachment upon the Imperial prerogative for supreme command.

As I have already said, if the conference had failed, the consequence would have been reckless building competition. It is difficult to believe that our country can grow stronger by armament competition. If we increase our fighting strength, our rivals will augment theirs; if they strengthen their power, we must follow their example. In such emulation there is no room for any one particular country to grow stronger; while all the contestants are bound to be exhausted by the burden of expenditures.

It is economically impossible for Japan to outdo the United States in any such competition. Billions of yen will have to be expended for no purpose at all. Thanks to the London Treaty the nation was spared nearly four hundred million yen's burden. The absurdity of attacking it at this time is self-evident."

Whole Nation Should Be Prepared to Stand Up Against the Rest of the World

(By Adm. Masnobu Suetsugu,—Hinode, Dec.)

On looking back upon treaties concluded in the past I cannot but be deeply impressed by the difficulties attending the disarmament. The nations are desirous of materializing an agreement so that they may discontinue the costly competition and reduce burdens upon their shoulders, shifting the expense thus saved toward promoting national welfare enterprises. However, this is an ideal hard to be realized. It would be quite fortunate if an agreement satisfactory to all nations concerned could be established, but such is next to impossibility. Even under the yoke of an agreement every treaty Power tries to find means to augment its tonnage in the direction where there is no barrier of limitation. The United States which enjoys 100% started building 10,000 ton class cruisers while expending enormous sum of money toward the researches and experiments on the poison gas. Likewise, Japan on her part is carrying into practice the first and second replacement programs. With an auxiliary object of helping the jobless the United States encourages munition industry, while Japan does the same in order to provide for the coming crisis and to mitigate the unemployment situation. Great Britain does not lag behind other Powers in this respect. For the conclusion of a just and fair disarmament treaty, the whole thing depends on the Powers' showing magnanimous attitude toward each other. To thrust upon another a low ratio like 60% is out of the question. Every country must possess strength sufficient to guarantee self-protection.

Promotion of international peace is essential so long as we rank ourselves among other Powers of the world. But if peace maintenance cannot be realized just as we wish, we come to feel the necessity of possessing armament sufficient for self-protection. And we are confident that to own armament for self-defensive purpose is not at all morally unjust, just as the case of man nourishing and exercising his physical power to protect himself from the attack of a ruffian when there is national law, police service and other public means of protection. The nation that is contented with the ratio forced upon her is a prototype of cowardice and servility. If the nation is united to defend the country to the last moment ever willing to live on the humblest meals of pickles and boiled barley, the Empire will be sure to rise up; but if not, it would follow the path to ruin.

Ex-Foreign Minister Count Uchida declared before the world that we should protect Manchuria even at the risk of reducing the whole Empire into ashes. If Manchuria is so vitally important for Japan, the main land of Japan must be far more so. It is therefore quite natural that in order to defend Japan we should never hesitate to stand up against the rest of the world, if such be really unavoidable.

Japan Wants to Have a Heart-to-Heart Talk with America

(Editorial in the Gaiko Jiho, Nov. 15)

The world lacks sincerity in its attempt at opening a disarmament conference of more than 60 nations, despite its bitter experience at Washington, Geneva and London, each of which was attended by not more than a few nations. What is called the "conference diplomacy" which dominated the diplomatic world since the Paris Peace conference has disclosed its shortcomings and presented the disarmament question fresh before the eyes of the world thinking people. Before our eyes are heaped up quite a number of lessons of how a hasty attempt at bringing about the peace of the world failed in the end. As the downfall of the League of Nations testifies, the world peace can never be attained at a stroke; regional peaces ought to be established at first, taking into careful consideration geographical, political, racial and other important conditions, and then they are to be extended gradually so that the peace of the entire world may eventually be attained. From this point of view Japan recommends the solution of the disarmament question first of all among countries of Europe, because she considers the international disarmament question has its main bearing upon affairs in Europe. We understand the American delegates to the Geneva disarmament conference have at last made clear their intention to return home washing their hands of the gathering. Their attitude is understood as an evidence of their having forsaken the tardy progress of the conference and determined to follow the course of their own making, in order to expedite the solution of the long pending problem.

The solution of the world disarmament question should be handled regionally as a question among European nations, between Europe and America and between Japan and America.

What we are most desirous of is America's showing a model example to the rest of the world by solving the armament question of the Pacific Ocean. To put it in a more concrete way, it is our firm conviction that the armament question between Japan and the United States ought to be put an end to through direct negotiations between the two countries.

Everything Depends Upon Whether Japan Tides Over the Crisis of 1936

(By Dr. Tomosaburo Takagi, Bungei Shunju, Dec.)

In my view what affects Japan most in its relation with America in time of business depression is the decrease in the consumption of silk in the United States. Save for this economic blow and the increased export of airplanes to China from the United States, it seems there is no clash of interests between America and Japan. The agrarian community of our country will suffer from the over-production of rice and the marked advance of rayon into the silk market. Still, I am confident the general business will thrive until the so-called

(Continued on Page 255)

How Manchukuo Opium Monopoly Enables Japan to Evade Treaties

Below are given further etxracts (see The Review Nov. 11, 1933) from the speech made before the opium advisory committee of the League of Nations by Stuart J. Fuller, who for many years was connected with the American consular service in China, having been stationed at Hongkong and Tientsin, and now Assistant Chief of the Division of Far Eastern Affairs of the U. S. State Department at Washington.

I refer primarily to the establishment, in defiance of Chinese law, of a so-called opium monopoly which is even now operating in Manchuria and in Jehol, an institution which, since its establishment, has been aptly characterized as the largest single venture ever undertaken in the illicit traffic in narcotics. We should have no illusions as to the character of this enterprise. There can be no question that the concern referred to has been established for the express purpose of extending and exploiting the smoking of opium. Mere persual of its rules and regulations is sufficient to bring that fact home; but there are many other circumstances which evidence this purpose, not the least of which is the hypothecation of its anticipated profits as security for a loan. When one borrows money with specified profits as security therefor, he is at once under obligation to make those profits as great as possible. This appears to have been realized in Manchuria, for even the resources of modern advertising have been called upon to push the opium business.

Some idea of the scale of the enterprise of which I am speaking may be gained from an examination of the budget for the year to end June 30, 1934 of the present regime in Manchuria. This budget estimates the profits of the opium monopoly at Yuan 9,828,246 as compared with Yuan 5,000,000 in the previous year. The total sum to be handled by the opium monopoly is estimated at Yuan 32,893,394, of which Yuan 17,851,885 is the estimated cost of opium. These are small sums and they are regarded by those in a position to pass well grounded opinion as under-estimates rather than over-estimates.

With regards to attempts to develop the import of Persian opium into Manchuria, the Committee will doubtless recall document No. O.C. 1495, which was circulated shortly after the adjournment of the Committee's last session, and which set forth boldly the desire of a European firm to participate in the profits of the proposed traffic in Persian opium in the three north-eastern Provinces provided some way could be found to admit of the shipment of such opium to Manchuria without the necessity of using steamers specially chartered to go directly from the Persian Gulf to Newchwang without touching at intermediate (British and Dutch) ports. It will also be recalled that the Chairman of the Opium Advisory Committee, in replying to that letter quite properly took the stand that the Committee was not competent to take any steps to further such arrangements. The function of the Committee being to assist in supervising the execution of the treaties concerning opium and other dangerous drugs, it could hardly place itself in a position of assisting in the evasion of those treaties —which was evidently contemplated by the application of the European firm referred to.

This attempt at evasion of the treaties, however, appears also to have taken another form, and the problem was laid before the Advisory Committee of the League Assembly which was considering the Sino-Japanese conflict. The solution proposed involved the recognition of licenses for the import into Manchuria of opium and other dangerous drugs issued by the provisional regime set up under the present military occupation in that region. I am informed that an argument was put before the Advisory Committee on the Sino-Japanese conflict to justify a proposed procedure under which the shipment of opium to the three north-eastern Provinces of China would be permitted just as if the certificates issued to cover the import of that opium had been issued by a Government. The argument in question based this proposed procedure entirely on the Geneva Convention of 1925 and unfortunately ignored the Hague Opium Convention of 1912 which is the basic treaty involved and the treaty to which all concerned are parties. It also took no account of the Geneva Agreement of 1925, which was an agreement between certain of the parties to the Hague Convention in regard to the manner in which those parties proposed to fulfil certain of their obligations under that Convention. Furthermore, the League's Advisory Committee on the Sino-Japanese conflict has not yet apparently considered this matter in relation to the Hague Convention.

Among other recommendations made last June by that Committee was the following :—

"With reference to the Geneva Opium Convention of 1925, Crapter V, the Committee recommends to members of the League and to interested States non-Members that applications for the export to "Manchukuo" territory of opium or other dangerous drugs should not be granted unless the applicant produces an import certificate in accordance with the Convention of such a nature as to satisfy the Government to which application is made that the goods in question are not to be imported into 'Manchukuo' territory for a purpose which is contrary to the Convention. A copy of the export authorization should accompany the consignment, but Government should refrain from forwarding a second copy of the export authorization to 'Manchukuo', since such an action might be interpreted as a *de facto* recognition of "Manchukuo."

My Government questions whether the procedure thus suggested or implied would be in conformity with the basic international convention relating to the control of narcotic drugs—that is to say the Hague Opium Convention of 1912—to which the American Government and most of the Governments members of the League of Nations are parties, and is therefore not in accord with the recommendation which I have just quoted.

The introduction of Persian opium into Manchuria can only be for the purpose of exploiting and extending the practice of opium smoking and to facilitate such introduction in any way appears, therefore, to be in derogation of Article 6 of the Hague Convention.

The Powers which maintain opium smoking monopolies in their respective Far Eastern territories took these obligations of the Hague Convention so seriously that, by Article VI of the Geneva Agreement of 1925, they imposed on themselves the following obligations :—

"The transit through or transhipment in any such possession or territory (i.e., one into which opium may be imported for smoking) of raw opium consigned to a destination outside the possession or territory shall also be prohibited unless an import certificate, issued by the Government of the importing country, which can be accepted as affording sufficient guarantees against the possibility of illegitimate use, is produced to the Government of the possession or territory."

Let us be frank and face the facts in this matter. From what does this desire to facilitate the movement of Persian opium to Manchuria arise? It is the old story. The motive is greed, desire for gain, the same sordid motive that is back of all the other illicit traffic. I do not suppose for a moment that the members of the Opium Advisory Committee took seriously the naive plea of the firm which wrote the letter circulated as document No. O.C. 1495—tender solicitude for the possible sufferings of the poor addicts in Manchuria who might be unable to supply their wants from local opium, with Jehol at their very door. No, the motive is plain, the cupidity of European firms who desire to participate in the lucrative business of transporting opium from Bushire to Newchwang, in financing, in handling and in insuring such shipments.

Canton's Three-Year Industrial Plan

BY C. Y. W. MENG (孟 長 泳)

NELSON JOHNSON, the American Minister to China, for one reason or the other, took a trip to South China a short time ago, and on his return to the North, in his public speeches, he expressed his surprise as well as gratification over the "remarkable progress" which has been made in Kwangtung. From the Chinese reports, we have heard also very much about the statements, such as made by General Chen Chi-tang, the so-called "strong man" in the South, that Canton has no idea to participate in any civil war "in a time when we are quite busy in carrying out our Three-Year-Industrial Plan," in the same tone as Moscow used to say that Russia had no idea to go to war against Japan "at a time when Russia is pushing through the Second Five-Year Industrial Plan."

An Economic Conference was held in the middle of November. General Chen Chi-Tang, commander-in-chief of the First Group Army, though a military man, took great interest, and made a long speech, in which he stated that in the three-year plan, economic reconstruction was the most important item, so that economic problems might first be solved. "Kwangtung," he said, "is the financial centre of south China with a very important position in foreign trade. We must develop our trade and stabilize our financial situation."

Iron and Steel Plant in Canton

It seems to us that the present policy of the Chinese industrial leaders is to develop, first of all, such natural resources as iron, steel and coal—generally known as the basic industries. So, while the Ministry of Industries in Nanking has been negotiating with one of the German firms in Shanghai for a loan and the purchase of equipment for erection of an iron and steel plant in Ma An Shan in Anhwei Province, Canton is also taking the same steps to erect another iron and steel plant in Canton to exploit the iron, steel and coal resources in the Kwangtung Province.

This project was proposed by the Reconstruction Department of the Kwangtung Provincial Government two years ago. Preliminary investigations at the Won Fu and Po Shan Tsong mines were carried out. Mr. Ho of the Mining Division of the Reconstruction Department has spent the past several years in checking up and verifying the existence of deposits heretofore more or less vaguely reported by native geologists or other parties. Practically the entire province is covered by this work.

In September, 1932, well-known engineers, miners, etc., in America, Great Britain and Germany were requested by the Reconstruction Department to submit their respective "best" detailed plan in connection with the establishment of the Plant. It was said that three engineer-contractor firms in America, three in Great Britain and two in Germany all submitted their respective plans. But the plan submitted by Arthur G. McKee & Company in Ohio was considered the most complete and practical, so the Company was requested by the Reconstruction Department to be responsible for making a complete scheme for the new plant. Wm. A. Haven, Vice-President of the Company, was sent to Canton in June. In company with Mr. Ho and other Chinese experts, Mr. Haven undertook more investigations and made a survey of iron and coal resoures throughout Kwangtung.

Mr. Haven's Report

In his lengthy report, Mr. Haven concluded that the iron content of the Won Fu Iron Ore Deposit is "exceptionally high grade" with respect to iron, although some doubt exists after inspection of the deposit. The amount of ore in the Won Fu deposit, according to the estimate of the Mining Division, is estimated at 15,000,000 tons, With reliable deep-water transportation for almost the entire distance to the plant, Mr. Haven is of the opinion that "we may rest assured that the cost per unit of iron content (in Won Fu) will compare favorably with that of almost any other plant in the world."

As to the Po Shan Tsong iron ore deposit, however, Mr. Haven concluded that "we must conclude therefore that although the Po Shan ore is high in iron content and more desirable than Won Fu, yet there are too many adverse conditions to permit it being considered a suitable main source of supply at this time." "Nevertheless," continued Mr. Haven, "the Po Shan ore is a valuable potential reserve for the plant and the problem in connection with its further exploitation, its beneficiary requirements and its transportation to the plant, will require serious consideration especially after the plant is started or if the Swatow railroad should be completed in that direction."

The Canton industrial plan also includes the by-product coke ovens for the steel plant. The coal deposits of Si Wan (tonnage not given), Young Mei Shan (estimated at 40,000,000 tons), Kou Yar Tung (50,000,000 tons) were investigated. According to Mr. Haven's report, Kou Yar Tung coal as compared with Kailan has a great advantage in being of comparatively low sulphur content. Some of the coal, unwashed, is as good as Kailan, and after washing will make a very good grade of coke.

So Mr. Haven concludes that "as in the case of iron ore deposits, the coal fields of Kwangtung, which are really extensive, have been only superficially explored. Better seams—both as to quality and mining possibilities, are bound to follow more extensive prospecting by drilling over the well known coal bearing areas. Giving some weight to this fact we have no hesitation in accepting the Kou Yar Tung coal, together that of Si Wan and other workings producing small tonnages of acceptable coking coal, as potential sources of supply within the Kwangtung district which justify projection of the proposed iron and steel works from the standpoint of fuel requirements."

Plenty of Natural Resources in Kwangtung

As to the miscellaneous raw materials, such as deposits of limestone, manganiferous ore, and other raw materials, Mr. Haven said, "We have no hesitation in accepting the information available as conclusive evidence of their being ample supplies of these, of suitable quality and easily accessible. In Kwangtung and adjacent provinces there also are many of the other minerals, lead, tin, antimony, tungsten and mobyodenum and incidently silver and gold being produced.

The Site of the Plant

As was the case with the Nanking industrial plan in erecting an Iron and Steel Plant, the location of the site of the Plant has been the most difficult problem to decide, so in the Canton Iron and Steel project the location of the plant has been the most embarrassing problem. In their opinion of some people, the plant had better be located in the vicinity of Canton, but to others, it is better located in the interior of the province, near either the ore or coal deposits. In Mr. Haven's opinion, the Canton district, was preferable, for he said. The "Canton district, being centrally located with respect to all the ore and coal deposits and down river from them, is ideally situated for the cheapest assembly of raw material." So he concluded that Dung Long is the best ocation for the plant in most respects.

5-Year Iron & Steel Exploitation Plan

Year	*WORKS*	*Capital Required*
1st. yr. (1932)	Preliminary Preparations	$ 200,000
	Purchase of 2,000 mow of land for the construction or Melting Factory and Coke Iron Plant, etc.	400,000
	Opening of iron ore fields, including construction of light railroad, harbor, and the expenses for other engineering works	1,000,000
	Construction of coke iron plant	200,000
	,, ,, melting factory	200,000
	Purchase of equipment and machinery	2,000,000
	Total	$4,000,000
2nd. yr. (1933)	Construction of coke iron plant (continued)	$ 200,000
	,, ,, melting factory (continued)	300,000
	Purchase of equipment and machinery	3,000,000
	Opening of iron ore field	500,000
	Total	$4,000,000
3rd. yr. (1934)	Construction of coke iron plant (completed, ready for operation)	$ 500,000
	Construction of melting factory (completed)	500,000
	Purchase of equipment and machinery	2,000,000
	Other constructions, including the purchase of locomotives for the light railways, etc.	1,000,000
	Total	$4,000,000
4th. yr. (1935)	Completion of the Melting Factory, beginning to operate	$1,000,000
	Equipment for coke iron plant	1,000,000
	Construction of Mingling Factory	1,000,000
	,, ,, Storage (or Storing Factory)	1,000,000
	Total	$4,000,000

5th. yr. (1936)	Construction of Mingling Factory and Storing Factory (completed for operation)	$3,000,000
	Other constructions, like workshops, laboratory, etc.....	1,000,000
	Total.....	$4,000,000
	GRAND TOTAL.....	$20,000,000

That is to say, the Canton Iron and Steel Plant is to be completed in 1936, requiring no less that 20 million dollars.

Cement Industry

The Reconstruction Department has also paid great attention to the development of the cement industry. Due to the poor management, the Ho-Nan Cement Factory, the first of this kind in the South, was closed down. Through the financial assistance of the Reconstruction Department, the Factory was re-opened. But in July of this year, the Factory was ordered to be incorporated with the Si-Chung Cement Factory, established by the Reconstruction Department. The output is said to be about 1,100 piculs per day. More modern equipments, costing no less than one million dollars are coming to make this factory more up-to-date and to produce enough cement to supply the needs in the South. It is estimated that after the new equipments are put in operation, the output will 2,800 piculs per day.

Silk and Cotton Industry

The old Ho-Nan Cement Factory site was converted into a big Silk Weaving Factory with a view to developing the silk and linen industry by scientific ways. New equipment has been ordered from foreign countries. It is said that the completion of the construction of the factory will be in about three months' time. Other factories of this kind are Linen Spinning Mill, Cotton Spinning Mill, Woollen Factory, Cane Sugar Factory, etc. They are either under construction or will soon be in operating condition.

Chemical Industry

The Reconstruction Department has also established a Caustic Soda and Bleaching Powder Factory in Sichung. The completion of the construction will be some time in June next year. The new equipment has already arrived. It is estimated that when the factory is put in running condition, the daily output will be 6 tons caustic soda, 7 tons bleaching powder and 5 tons of Sulphuric Acid. Another Sulphuric Acid Plant is also being to be planned, constructed in the near future.

An Industrial Canton!

From the above account of the industrial developments, the American Minister is indeed justified to be gratified over the "remarkable progress" that has been going on in South. When the Three-Year-Industrial-Plan is completed, Canton will be the industrial center of China! The policy of the southern leaders seems to us is to develop first of all some of the "basic industries," such as iron, steel, coal, etc., which are to be found within Kwantung, and to establish and manufacture by themselves the necessary materials and necessities, such as cotton, sugar, soda, etc, which, so far, have to be imported from foreign countries. It is our earnest hope that such an elaborate industrial plan will serve as a spur to encourage the people in other parts of China to take the same steps to develop the natural of resources within their places; thus in a few years' time, the whole China will be an "Industrial China!"

Nanking, Dec. 29. 1933.

Possibilities of Increased British Trade in China Seen by Commercial Counsellor

The possibilities for increased trade between China and Great Britain and the need for greater contact between British manufacturing interests and Chinese businessmen were discussed in a report on trade and economic conditions in China, 1931-33, by the British Commercial Counsellor at Shanghai, Louis Beale, who emphasized that although the strength and wealth of China should rest on her agriculture, yet, in 1932, twenty per cent of her total imports were wheat and rice and 10 per cent sugar and other foodstuffs. Meanwhile many of China's natural industries are declining and less of her many fine products are available, or suitable, for export. Mr. Beale considers that the greatest market in China from now onward will consist of capital goods, including machinery and equipment, the opportunities for which ought more than to offset the probable loss to British trade in consumable goods. The key-note of British participation in the development of China must be investments and co-operation with Chinese interests, he said.

Ministry of Industries to Establish Fishery Mart in Shanghai

The Ministry of Industries has decided to establish a fishery mart in the Yangtszepoo district of Shanghai, with an estimated outlay of $1,500,000. Of this sum, the Ministry will raise $1,000,000, while the remainder will be furnished by Chinese merchants interested in the scheme. The Ministry has ordered an up-to-date refrigeration plant from Germany, for the preservation of fish.

Tibet---Another of China's Problems

Editor, *The China Weekly Review*:—

The death of the Dalai Lama is bound to have far-reaching consequences, either for good or for evil to China. His cringing servitude towards the British has created dissatisfaction among his followers who may have conspired against his life. This *coup d'etat* is a golden opportunity for the Panchan Lama to stage a comeback. He will certainly see to it that China-Tibetan relations will be strengthened and British influence checked, if not eliminated. On the other hand, with the Dalai Lama's death may also go China's hope of regaining control over her former territory. Sensing the dangers in the situation, Britain may tighten her grip upon Tibet and proclaim a protectorate over the land or so twist the law as to deprive the Panchan Lama of any right to claim the reins of government. The second possibility is more likely, for Britain has never in the past hesitated to take advantage of a critical situation by rushing a military expedition from India.

So far as China is concerned, the Dalai Lama's death comes at a most inopportune moment. Never since its coming into power has the National Government been so threatened with external aggressions and internal troubles as at present. Unrest and misery prevail even in those provinces over which Nanking exercises direct control, not to mention the thorny problems of the Fukien rebellion, South-western virtual independence, Japanese inroads into North China, the chaotic conditions in Chinese Turkestan, etc., etc. Nanking has her hands full. She has no strength nor money to mobilize an expedition with the object of putting the Panchan Lama back into power.

To be frank, China's nominal suzerainty over Tibet has long ceased. Her decline is in direct proportion to British ascendency in Tibet. British exploitations of the land are intensified from year to year. She has organised military expeditions to scour the country. Her missionaries are overruning it to win the good-will of the Tibetan people. Her scientists are studying with increasing zeal its fauna, flora and topography. It is safe to say that the British know more about Tibet than do the Chinese or the Tibetans themselves.

LIU HSUEH-JEN.

Shanghai, Dec. 24, 1933.

Chinese Silk Factories Suspend Business Owing to Japanese Competition

Owing to the general business depression all the 65 Chinese silk factories in Shanghai have completely suspended business for the time being. The main reason is the unusual low price of silk and the lack of markets for Chinese silk in foreign countries as a result of Japanese competition. The factories will not re-open until business conditions improve. The suspension affects about 60,000 workers.

U. S. Government Requests Return of Advances Made to Repatriate Chinese

The American Legation has addressed a note to the Nanking Foreign Office asking for the return of the sum advanced by the American Government for repatriating to China of the Chinese nationals deported from Mexico. According to the sum quoted in the note, the American Government spent no less than U.S. $500,000 on passages alone. The said sum is the equivalent of $15,000,000, Chinese currency. The Foreign Office has referred the matter to the Executive Yuan for consideration.

Sun Fo Warns Filipinos on Japan's Intentions

Sun Fo, President of the Legislative Yuan of the Chinese National Government, upon arriving in Manila Dec. 23 on a short visit to the Philippine Islands, in an interview said the Philippine Government must watch Japan closely to prevent a repetition of the Manchurian incident after the Philippine Islands is granted independence. "After economic penetration comes political conquest. Japan looks with greedy eyes upon the Philippine Islands," Mr. Sun said.

Nanking Navy May Join Fukien People's Government

BY FRANCIS CHEN

IT IS a much-talked-of subject that the of Nanking Navy will come to an understanding with the People's Government over the Fukien situation. According to semi-official reports, the terms are as follows:

1. Both sides agree not to make any aggressive moves.
2. The Mamoi Arsenal and the Changmen (near Mamoi) Fort captured by the 19th Route Army are to be returned to the Navy.
3. The Navy agrees to raise the blockade.
4. The People's Government agrees to give the Navy three hundred thousand dollars a month.

These reports unconfirmed, may or may not be true, but it is very likely that the Navy may adopt a conciliatory attitude toward the People's Government. History tells us that the Navy of China has never participated in any political movement—at its outset it remains neutral until the time is ripe for it to jump from the fence. In 1927, war broke out between Gen. Chiang and Generals Wu Pei-fu and Sun Chuan-fang. The Navy promised to help the latter in crushing Chiang's forces but it never lived up to its promises for it sat on the fence, trying to be friendly to both sides. When the prospects of the Nationalist Revolution were brilliant, the Navy sided with Gen. Chiang and declared itself independent of the Peking regime. It is open to question whether the Navy may do the same thing as it did six years ago.

The Navy Like a Body in Stable Equilibrium

The history of China since the establishment of the Republic is but a history of the rise and fall of militarists. Gen. Chang Hsun first came into power. As a super-Tuchun, he tried to restore Henry Pu-yi to the throne, but his attempt was frustrated by Gen. Tuan Chi-jui, who thus succeeded Gen. Chang as the ruler of China. Before long, Gen. Tuan was ousted by Gen. Wu Pei-fu with the cooperation of Marshal Chang Tso-lin. Soon a conflict arose between Gen. Wu and Marshal Chang, with the result that Chang's forces were driven out of the Great Wall. Gen. Wu then became China's virtual head; Marshal Tso Kun was not only a figure-head, but Wu's puppet. Afterwards, Marshal Chang unsheathed his avenging sword. Gen. Wu might have defeated Marshal Chang at this time, were it not for the fact that Gen. Feng Yu-hsiang, Wu's subordinate, turned his coat at the critical moment. As a consequence of Feng's coup d'etat, Gen. Wu's influence in North China was greatly diminished. Meanwhile, Marshal Chang planned to occupy the south-eastern part of China but he met his great opponent, Gen. Sun Chuan-fang, who repulsed Chang's forces. In a few years Generals Wu Pei-fu and Sun Chuan-fang, and Marshal Chang Tso-lin were successively deprived of power. The warlords have come and gone but the navy ever remains. Any warlord who wants to have a predominant position in the Yangtsze region or the coastal provinces of China must seek the navy's aid. Consequently, every coup d'etat gave the navy a fair chance for expansion of power. Strangely enough, the 19th Route Army, on Nov. 19, captured the Changman Fort and the Mamoi Arsenal. To the navy, this move was unprecedented.

Will the Navy adopt postive measures against the 19th Route Army? Will the navy help Gen. Chiang's armies to nip the Fukien insurrection in the bud? Will the navy secede from the Nanking Government and join the People's Government? It is said that the navy must either wholeheartedly support the Nanking regime or actively participate in the "People's Revolution." I however, venture to say that the navy will do neither. We know too well that the navy wants to fish in troubled waters, to get the greatest profit with the least effort, to be friendly to both sides. In all probability, the navy will adopt the policy of "wait and see," showing nominal allegiance to Nanking but at the same time, bringing itself into contact with the Fukien authorities. Like an artiful servant, the navy wants to serve many masters, winning the favor of all and playing one against the other. In my judgment, the navy, eager to recover its losses by peaceful means, and the People's Government, taught a painful lesson by the Navy's blockade in these few days, may, beyond any doubt, come to a compromise.

Some Later Developments

According to later reports from official sources, an understanding between the Navy and the People's Government has been established already. Of special interest in connection with this affair was a statement, appearing in the *Min Pao* (Dec. 19), a Japanese-owned newspaper in Foochow, to the following effect:

"The negotiations of the Navy and the military authorities of the People's Government went on smoothly. Through the efforts of Mr. Pang, a staff-officer of the Navy, both sides reached an understanding. The Maoi Arsenal, the Changmen Fort and all the munitions captured by the 19th Route Army, are to be surrendered to the Navy. Col. Yun Ying-lin's troops stationed at Mamoi and Changmen are ordered to be despatched to Foochow. The new director of the Mamoi Arsenal appointed by the Navy decides to go to Mamoi today to take over charge of the Arsenal. Further, it is reported that Li Mem-ping, the commander of the Navy at Mamoi, will arrive at Mamoi tomorrow from Santao."

Foochow, Dec. 19, 1933.

China's Trade Is Heavily in Red for Year 1933

Although China's exports to foreign countries during the month of November showed an increase of Mex. $6,261,516 over the month of October, the adverse trade balance of the country for the first eleven months of the year amounted to Mex. $692,942,176—or, converted into American (depreciated) dollars, these figures mean that China imported goods to a value of about U. S. $230 millions more than she exported. Recorded imports to China for the 11 months of 1933 amount to $1,254,107,-037 as compared to $561,164,861 in exports, bringing the total foreign trade to $1,815,271,898—which figure is $413,532,924 below the total foreign trade during the corresponding period last year. These figures are based on a report issued by the Chinese Maritime Customs recently, from which the following additional details are taken.

Gains in imports during November were recorded in tobacco, airplanes, arms and ammunition, miscellaneous metal manufactures, machinery and tools, flax and hemp products, and printed cotton piece goods. As against this, substantial declines were noted in most other cotton manufactures, wool and manufactures thereof, cereals and flour, timber, and candles, soap and oils.

Printed cotton piece goods imports increased from $1,346,968 in October to $2,123,524 in November. The big gain in this category was in printed drills and jeans. Arms and ammunition imports increased from 1,088,284 gold units worth in October to 3,635,886 gold units worth in November. Metal manufactures as a whole went up from $5,251,728 to $10,734,204. Machinery and tool imports were placed at $3,369,744 in October as compared to 4,124,955 in November. Tobacco imports increased from $3,704,662 to $5,211,239 in November. Wool and manufactures declined from $4,046,410 to $3,244,013 in November. Kerosene declined from 3,133,073 gold units to 2,672,205, and liquid fuel imports decreased from 737,464 gold units worth in October to 657,643 gold units worth in November. Timber imports decreased to $3,563,678 as against $4,659,760 in October.

Rationalization of China's Silk Industry

BY PAUL K. WHANG (汪 仲 芳)

THE National Recovery Movement, as conducted by the U. S. Government in an endeavor to lift the country from business depression, is a prototype to China's present much talked about Rationalization Movement. These two movements can be said to be identical in that: They both represent an attempt on the part of the government to control national industries and business as a means to speed up the national recovery, although their respective methods of procedure seem to be different: In the United States, the government has been chiefly concerned with the problem of reducing the number of unemployed by proclaiming various Industrial Codes to shorten working hours and increase wage payments, while in China, the government has attempted to introduce to important industries a system of rationalization, by which the prices of many national products can be boosted up and stabilized.

The present Rationalization Movement was not born until the return of T. V. Soong, ex-Minister of Finance, from the World Economic Conference. Inspired by the notable example of economic nationalization as practised in the United States and European countries, Mr. Soong, since his return last August up to his resignation of the government posts last October, was busily engaged in formulating a program of rationalization, and it was intended that under the auspices of the National Economic Council, various Committees for Rationalization would be set up one after another to control such industries as Cotton, Grains, Silk, Coal and Matches. So far a Committee for Rationalization of the Cotton Industry was formally organized last October. Since Mr. Soong's resignation, this work has been very much slowed down, although he has still retained the membership of the Standing Committee of the National Economic Council. With the absence of a live wire coupled with the present political unstability, it is highly problematical that the Committees for Rationalization of other industries can be set up as originally planned and announced.

Rationalization as a Panacea

To the average business men who have very much despaired because of business depression, this government attempt to rationalize important industries has been welcomed as a panacea to economic ills. They have believed that in instituting a system of control over the supply and demand of various national products, the government is capable of regulating their prices favorable to the business men, and thereby upholding China's industries. The silkmen, who have been hit especially hard by business depression, have pressed the government most eagerly for the immediate organization of a Committee for Rationalization of the Silk Industry as a measure to relieve the present silk distress.

While we believe that great benefits may result from placing the silk industry on a national basis, we, however, must guard ourselves against any unwarranted expectation that the price of silk can be either boosted up or stabilized through the government control of silk business. It must be pointed out that China silk has been principally manufactured for foreign exportation and consumption, and its price has been dictated by foreign silk markets. Such being the case, we can not resort to artificial means to boost up the price of our silk, if and when the world price remains at its low level. Moreover, the government is further handicapped in effecting a complete control of silk business by the lack of reliable statistics regarding the exact quantity of cocoon and silk productions. It must be remembered that the centers of our silk production are widely located and the quality of silk produced in various quarters is vastly different. In the past, the figures as to the quantity of cocoon and silk production in various centers were more or less a guesswork, and they could not be accepted without some reserve. The government can not effectively control the silk business, unless it can tell exactly the quantity of cocoon and silk productions in different centers.

While we can not control the price of silk, we, nevertheless, can introduce a system of effective government control to our cocoon production, silk production and silk marketing. These three matters represent three important phases of silk business, and deserve our careful attention at this time when the government has been considering the proposition of instituting a committee for Rationalization of the Silk Industry.

It is a long established fact that the decline of our silk industry is principally due to the inferior quality of our cocoons. Therefore in order to rehabilitate our silk industry, we must spare no efforts in improving the quality of our cocoons. For years we have done our best in introducing disease-free eggs to our cocoon-producers; but because of the lack of cooperation among the various sericultural agencies and adequate assistance from the government, we have not achieved much success in this important work. In recent years, the government authorities in some districts tried to supervise cocoon production by regulating that the eggsheets must be distributed through the recognized sericultural agencies; but their efforts were not crowned with much success, because they were not financially in a position to cope with this vast work.

Government Should Control Cocoon Production

In view of the importance of this work, we believe that the central government must take control of cocoon production without any more hesitation. In this connection, it is suggested that the government should exercise a close supervision over the government and private egg-producing stations, buy off their egg-sheets and resell them to the cocoon-producers at, say, two-thirds of the purchase price; and that the government should recover the difference of the purchase and selling prices through the imposition of additional tax on cocoons. By this means, the government can control the distribution of disease-free eggs, intrduce wholesome worm eggs to the cocoon-producers, and in the meantime, induce the cocoon-producers to use the disease-free eggs, when the selling price is one-third cheaper. There are many arguments to be said in favor of this suggestion, which is both feasible and practical. In order to speed up our work in rehabilitating the silk industry, we believe that cocoon production must be placed on a national basis.

In regard to silk production, we are not faced with the problem of over-production as confronted by the Japanese silk manufacturers, and therefore we should not bother ourselves about the restriction of our production. As a matter of fact, our silk production has been very much reduced during the past few years as a result of business depression. What is our most urgent problem is to improve the teachnique of our manufacture. In this respett, the government should exercise the power of control over silk production and encourage silkmen to produce silk of good quality by granting financial assistance to those who wish to introduce modern machinery to their filatures. It is suggested that in order to improve the quality of our silk and cheapen the cost of our production, the government should order the suspensionsion of old and obsolete silk filatures; in their place new and modern ones should be set up with government financial assistance.

Besides controlling silk production, the government should also supervise the marketing of our silk. As I said before, the accumulation of our present silk stocks is not due to over-production, but to the lack of an effective marketing system, through which our products can be distributed to the world silk consumers. Individual silkmen are not in a financial position to install an elaborate marketing system, although they may be fully aware of the advantages of direct marketing. In order to promote the sale of China silk, we must institute a system of direct marketing without delay. Therefore it is suggested that the government should establish sales agencies in the foreign silk markets, and that henceforth all the silks exported to foreign countries should be distributed by the government.

The execution of the above three measures will undoubtedly bring great benefits to silkmen, if the government can set aside a large amount of money for these purposes. The government, in carrying out the first measure, may not need to bear any financial burden, because the difference in the purchase and selling prices of the egg-sheets can be recovered from the taxes on cocoons; but in practising the second and third measures, it must

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have a sufficient capital on hand to make loans to silkmen who need financial assistance to remodel and reconstruct their filatures and to market their silk through government sales agencies.

In connection with the rationalization of China's silk industry, it is interesting to quote a *United Press* dispatch from Tokyo dated Dec. 19 stating that demands of Japan's business economists that the entire silk industry be renovated and placed on a national basis comparable to that underlying the rayon industry, may result in a thorough try-out for the California system of producing silkworms. The California plan, according to the report, begins by supplying the soil with the elements necessary for the perfect leaf, which in turn produces the perfect silk fibre, and the silkworms are raised in large establishments where perfect conditions as to temperature and humidity can be maintained. The report further said that although the California system failed to make a success of it in the land of its origin largely because of the depression and the heavy labor cost, there were many silk producers in Japan who believed it might be successful in Japan.

Thus in face of business depression, the Japanese economists are also urging the government to place the silk industry on a national basis as a means to cheapen the cost of silk production. In view of the serious attempt of the Japanese to renovate their silk industry, we must urge our government to do something for our silk industry, or we shall soon lose our foothold in the world silk markets altogether.

Shanghai, Jan. 1, 1934.

China's Agrarian Policy

BY WANG CHING-WEI*

President of the Executive Yuan

SINCE the death of the late Party Leader (Dr. Sun Yat-Sen), with the nation unified in name, what have we in fact achieved so far? We can only say that the name of the Party—instead of its principles—has unified the nation. We recite the Last Will of the late Party Leader and think of his struggle for the welfare of the Chinese nation in silence only once every week. Instead of saying that we hold the weekly memorial services as a matter of religious rites, we should bear in mind that we do so in order to remind ourselves of our determination to bring the National Revolution to a successful conclusion. In view of the foreign aggressions and the domestic disturbances, the ravages of the Communist banditry and the outbreak of the Fukien rebellion, there is the greater necessity to recite the Last Will of our late Party Leader at each meeting or memorial service we hold, in order thus to gain courage for the enforcement of the bequeathed teachings of our Leader.

The above is said in reply to the attacks of Chen (Ming-Su) and Li (Chi-Shen). As a matter of fact, they have long abandoned the Party Principles. Some are inclined to believe that they are bent on enforcing their agrarian policy. Moreover, Eugene Chen is also telling the world their methods of enforcing it. "Enforcement of the Agrarian Policy" is a very attractive slogan, but we must not merely look at its name but also take into consideration its implication and repercussions on society in the light of realities.

The late Party Leader (Dr. Sun Yat-sen) was the first and most far-sighted advocate of an agrarian policy. In his lecture on "The People's Livelihood," he made a clear and thorough exposition of his principle that all who till should be given land. From the bequeathed teachings of the late Party Leader, we see that, in his Revolutionary Program, he advocated a Revolutionary policy in solving all political questions, but a peaceful policy for the gradual solution of the various economic problems. Why? Simply because he had a clear idea of the economic condition of the country. Should drastic methods be adopted for the solution of the economic ills, the result would only be the shaking up of the economic edifice of the nation and its precipitate collapse. We can improve economic conditions only by peaceful and gradual measures, so that the nation will be ushered into a new economic era step by step until it is prepared for a new economic system. It is an undisputable principle in sociology that while political changes take place suddenly, economic changes are always brought about gradually. Should this principle be ignored and drastic methods adopted for the improvement of the economic condition of the nation, the inevitable consequence would be total collapse of the social structure. Such economic distress as Hunan and Hupeh experienced in the 16th Year of the Republic and Kiangsi has been experiencing since the 17th Year is known to the entire nation. In the 16th Year Communists in Hunan and Hupeh attempted to enforce an agrarian policy by tyrannical methods, with the result that murders and arsons were committed and peace and order disappeared. Our comrades at Wuhan could not but launch a Party purgation movement. Since the 18th Year, Communists have been attempting to enforce their agrarian policy in Kiangsi, with the result that thousands of miles of farmland are laid in ruins and the distress of the people considerably intensified. The military and civil authorities thus cannot but launch a bandit-suppression campaign to exterminate them. Those who in former days advocated the Party purgation movement at Nanking have now forgotten their principles and allied themselves with the Communist bandits. Those who in former days were determined to purge the Party of Communists in Wuhan, have now demeaned themselves and are making friends with thieves. Those who have personally visited the bandit-ravaged areas, are now working, for the sake of realizing their personal ambitions, for the sovietization of Fukien, nay, of the entire country.

On what ground do we state that the drastic methods adopted by the Communists for the enforcement of their agrarian policy will only bring about the collapse of the entire social structure? It is because their only method is by means of massacre. At first, they incite the destitute peasants to murder their landlords. Later, they instigate strife among the peasants themselves.

In China, there are very few large landowners. Most of the lands are owned by the small bourgeoisie. Should the peasants be persuaded by the Communists to rob their landlords of their lands, the number of people to be killed will be ten thousand times that during the French and Russian Revolutions, and the terror and distress will also be considerably more acute than in France or Russia. With the extermination of the middle-class, our commerce and industry will be simultaneously ruined, and the entire economic edifice destroyed. Even if they got the land from their landowners, the peasants would only have gained waste lands and they would have no means of livelihood. The policy of the Communists is to make people destitute and desperate and force them to follow them. Once they start killing people, they will contiue to kill. Such methods were employed during the Taiping Rebellion. Did they meet with real success? We can view the Communist Program in two stages. At first, they may succeed in instigating the peasants to follow them in creating disturbances. But later, when the economic structure has collapsed and there are no commerce and industry nor arable farmland, the peasants cannot but fight among themselves. It will be recalled that the Communists during the Wuhan disturbances tried to fix a definite standard regarding capitalists. A conference was later held at Puchi when it was decided that a man with $50 should be considered a "small capitalist." The "capital class" and the "small capitalist class" are created gradually in accordance with the progress of social differentiation. They are of special significance in Europe and America where social differentiation has reached a high degree. In disregard of the economic situation of China, however, the Communists are applying the same terms in this country, with the result that their definition can only be determined arbitrarily. Since a man with $50 is regarded as a small capitalist and is therefore to be exterminated, then the peasants who possess oxen (worth $50) are also to be exterminated. It is therefore no wonder that over 6 million people in Kiangsi have been massacred. This is the tragic result of the enforcement of the Communist agrarian policy. Proletarian periodicals published however claim that the massacres have been perpetrated in the interests of the people, hoping thereby to gain the support of the peasants. The greater the internal disturbances and the more acute the foreign aggressions, the more fully do we realize our responsibilities and the greater our confidence in the bequeathed teachings of the late Party Leader.

Nanking, December 18, 1933.

*Extracts from an article published in the *People's Tribune* (Jan. 4, 1934.)

Repeal of U. S. Immigration Law Is Urged

Revision of the existing American immigration law which forbids entry of all Orientals into the United States, was urged at the first annual session of the Convention of Scholars on International Relations, held at Riverside, California, on December 10. The Manchurian question was not brought up. Instead heated discussions took place on America's economic policy, recognition of the Soviet Union by the United States, and Hitlerism.

Foreign Ship Officers Should Obey Regulations, Seamen's Union Urges

It is reported that the Chinese Seamen's Union at Shanghai has submitted a petition to the Ministry of Communications urging that all foreign officers and engineers serving on Chinese vessels who have failed or refused to undergo the examinations prescribed by the Ministry be suspended from service and replaced by qualified Chinese.

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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Outlook of the Impending War Between Soviet Russia and Japan

BY CHEN PIN-HO (陳彬龢)

(Continued from last week)

3. WAR BETWEEN U. S. S. R. & JAPAN INEVITABLE

(a) *Japan's Continental Policy:*

The Czarist and Soviet governments of Russia might have differred from each other, fundamentally, in system and policies, but they agreed, at least, in the attitude toward the complicated situation of the Far East. The Russo-Japanese War of 1904 did not settle the issue at stake. Recently, the movement of the Soviet Union towards socialist reconstruction and "industrialization" of Siberia, centered upon the Five Year Plan, has caused no small uneasiness to the Japanese government, which has continued to seek a realization of her so-called continental policy.

As a further step towards permeating her continental ambitions after annexation of Korea, Japan seized Manchuria and has again come into direct conflict with Soviet interests. The Japanese scheme was vividly depicted in the notorious Tanaka Memorial quoted elsewhere in this article. Lately, the Japanese authorities have also freely discussed the occupation of Siberia, as shown by the following statements.

"*Izvestia*" *of March* 4, 1932—an editorial quoting a spokesman of the Japanese War Ministry:—

"It is unnecessary to debate any longer upon the possibilities of a war with the Soviet Union. Paramount in importance at present are a strong policy towards the U.S.S.R. and preparations for war at any moment. Japan's immediate objective in this war will be the Far Eastern District and Siberia of the U.S.S.R. Efforts to prevent Communism from affecting Japan are only of secondary importance."

"*Izvestia*" *of May* 30, 1932—quoting another spokesman of the Japanese government:—

"Before the Soviet question is solved, it is useless to discuss the 'paradise' of Manchuria; since the Manchurian question is more or less dependent upon a solution of the Siberian situation. If Manchuria holds the key-note of a life-and-death struggle of Japan, the Siberian situation holds that of Manchuria . . . . The fascist movement will never save Japan, unless and until the doors of Siberia are fought open."

"*Pravda*" *of May* 30, 1932—quoting a Japanese official spokesman:—

"In order to safeguard her position in Manchuria, Japan must drive out the Red Army from the Provinces of Morskaya and Amur (Far Eastern District of the U.S.S.R.). For the safety of communication systems and free function of the administration of Manchuria, it is necessary for Japan to capture Siberia. The Japanese army must establish their lines of national defence thus: first, in the vicinity of Chita; second, in the vicinity of Novosibirsk; and third, along the Ural Mountains."

"*Pravda*" *of May* 30, 1932—quoting General Kato, a Japanese military expert:—

"From the standpoint of national defence, Manchuria, Mongolia and Siberia are of vital importance to Japan. We must consider these territories as the sacred land of our forefathers and the future home of our new generation."

Thus, for the materialization of her continental scheme, Japan is compelled to capture Manchuria and further invade the Far Eastern District and Siberia of the U.S.S.R. On the other hand, however, the Soviet Union will undoubtedly not allow her avowed enemy to occupy "one inch of her territory." As a result, they have to settle the differences by resorting to force of arms.

(b) *Economic Depression in Japan:*

Young Japan's capitalist system is primitive and flaccid; it has suffered most seriously from the present storm of world-wide depression. In the latter part of 1931, the Inukai cabinet declared an embrago on gold and adopted policies of paper-currency expansion and dumping of low-priced Japanese goods in foreign markets in order to stimulate domestic economic production. At this juncture, her foreign Powers have instituted a system of collective economic policy and set up tariff walls against the Japanese goods. Industrial undertakings in Japan have again received setbacks and are drifting toward a grave crisis.

The World Economic Conference has proved beyond doubt that a solution of the economic depression lies in a war for the redistribution of world markets. Japan is, of course, most anxious to monopolize the market of, and to obtain a sufficient supply of raw materials from, Manchuria. Here again, the Japanese have come into conflict with Soviet interests, and, therefore, have considered the Soviet Union a stumbling-block on Japan's road to aggrandizement.

Solution of economic depression was one of the reasons for which Japan invaded Manchuria. Evidently, the same factor plays an important part in Japan's present war cry.

(c) *Japan's Isolated Position in Diplomatic Relations:*

The accelerating economic depression among capitalist nations has been matched by growing socialist reconstruction in the U.S.S.R. As a result, the capitalist nations have sought to cultivate friendly relations with the Soviet Union, through treaties of peace and other amicable overtures, in order to dispose of their surplus goods in the Russian market.

In striving for supremacy on the Pacific, Japan has come almost to a clash with the United States; while the dumping of Japanese goods on the markets of Great Britain's dominions has virtually caused an Anglo-Japanese rupture. Japan's position in diplomatic relations has been further isolated upon withdrawal from the League of Nations.

Under the circumstances, Japan believes that the first country to declare war on the Soviet Union—the common enemy of capitalist nations"—will court favors of various capitalist Powers.

On March 4, 1932, the Moscow *Izvestia* quoted a Japanese leader as declaring that: " . . . . Doubtless, our military movement will necessarily be extended to the vicinity of Lake Baikal. Whether the Japanese forces will advance further west or not will depend upon the situation then prevailing as well as upon the attitude of border-states at the west frontiers of the Soviet Union. When our troops occupy the Baikal section of the Siberian Railway, the territory lying to the east of Lake Baikal will be incorporated into the Japanese Empire. The Japanese forces found in this territory will be stationed permanently as 'reclamation units,' in order to await opportunities for further aggrandizement. In the meanwhile, we believe that Japan cannot deal a death-blow to the Soviet regime merely by defeating the Red Army in the Far Eastern District of the U.S.S.R. Attention must be paid to disseminate propaganda in an endeavor to bring all of the western border-states and other Powers to participate in the anti-Soviet war. It is also necessary for us to utilize the White Russians, mercenary forces and all other anti-Soviet elements in Russia to overthrow the Soviet regime."

In general, the diplomatic victories of the Soviet Union and the isolated position of Japan have also machinated toward an early outbreak of the Soviet-Japanese war.

d) *Completion of the Five Year Plan:*

From the standpoint of the U.S.S.R., it is noted that she has lately changed her attitude towards Japan through adoption of a positive policy and preparations for war

The so-called first Five-Year Plan has been completed during the years 1929-1932. The foundation of the Soviet economic system has thus been consolidated to a large extent. Not only the supply of daily staples has been increased, but military necessities for national defence have also multiplied. In view of the threatening situation obtaining after the Manchurian uprising in 1931, the Soviet authorities have transferred a part of the "heavy" industry, involved in the Five Year Plan, to the production of modern weapons of defence, and they have again emphasized munition manufacture in the second Five Year Plan.

"From a weak country, unprepared for defence," J. Stalin declared some time ago, "the Soviet Union has been transferred into a country mighty in defence, prepared for every contingency. . ."

Katsudi Fuse, head of the Asiatic Department of the *Osaka Mainichi Shimbun*, who has been recognized, among Japanese journalists, as an authority on Soviet situation, made an investigation tour in Russia recently and, on November 13, 1933, he cabled his paper from Vladivostok, en route to Japan, reporting the present development of the Soviet Union's heavy industry, as follows:—

"The Soviet government has called the attention of the people to the production of coal and iron, which are of paramount importance to the heavy industry. The government issues a daily report of the production. If it is below the prescibed average quantity, the citizens are free to make protests. According to latest reports, the daily production of coal is about 240,000 tons, and of iron, about 23,000 tons. The annual production of iron during the past five years has increased from 3,500,000 tons (1928) to 29,000,000 tons (1933); and the annual production of coal, from 35,000,000 tons (1928) to 85,000,000 tons (1933). Petroleum and other fuel supply which are essential to various industries, have also increased from 12,000,000 tons (1928) to 24,000,000 tons (1933). From these figures, it is obvious that the factories using coal, petroleum and iron are making excellent progress.

"The Cheliabinsk Tractor Works turn out tractors for the purpose of the farming program in the dense forests of Siberia. The grand-size tractors produced by this Works are of the 'trackless type' resembling military tanks. It is proposed that about 40,000 of these 60-h.p. tractors will be produced annually at each factory. The production of the five factories with from 40,000 to 50,000 workers will be about 200,000 tractors each year. In stressing upon the use of tractors, the Soviet authorities have adopted a system of 'collective farm'. The importance of tractors as a military machine cannot be everlooked, in the meanwhile. At times of emergency, these tractors may be easily converted into military vehicles. The 'Stalinetz' tractors produced by the Cheliabinsk Tractor Works are virtually military tanks. . . . .

"The Soviet authorities are well pleased with the fact that thi country itself produces military airplanes. The Red Army es

NATIONAL STATE LOTTERY ADMINISTRATION

LOTTERY NO. 3

DRAWN AT THE CANIDROME, SHANGHAI, DECEMBER 29th, 1933

FIRST PRIZE: $500,000 313817

SECOND PRIZE: $100,000 138990 068244

THIRD PRIZE: $50,000 009302 189857 310557 351240

FOURTH PRIZE: $10,000 003848 210695 246983 285259 408602 094680 234768 276337 334223 455333

FIFTH PRIZE: $2,000

006204	078202	118822	212828	243126	324811	359357	385941	438940	475124
025512	086372	147937	218104	250158	325277	373059	390432	440122	481271
041229	099800	164282	224172	262575	356488	376195	412065	454778	485278
069938	108704	168204	224917	284592	356694	376259	418871	458554	487897
073861	114309	206433	227404	308407	357223	383839	422539	460218	498702

SIXTH PRIZE: $500

014983	058673	104208	186499	214104	264965	297019	320915	356885	399664
022266	064057	111962	189721	215556	276173	300452	332382	359766	405540
024415	064916	112811	196378	219010	278853	305730	339177	361565	453091
024437	071070	130370	198612	220376	280589	306045	341878	363156	467311
025378	076633	134192	202035	225017	286389	310592	342684	364515	469547
029136	090740	137832	202489	236585	287978	311334	347394	383134	484051
033249	091045	152925	203072	247190	291015	314316	349067	388979	488290
034676	098953	157613	206242	248633	292506	318635	352450	389161	491381
045322	101053	164982	208751	250294	293157	320573	356528	389755	494155
057717	101257	175530	209249	255019	294053	320833	356762	397214	496239

SEVENTH PRIZE (Tickets whose last three figures correspond to a specially drawn number): **$200 378**

EIGHTH PRIZE (Tickets whose last two figures correspond to the last two figures of the first prize ticket number): **$70 17**

NINTH PRIZE (Tickets whose last figure corresponds to the last figure of the First Prize ticket number): **$20 7**

Holders of prize winning tickets may receive payment on and after Saturday, 6th January, 1934, at the Central Bank of China, Bank of China and Bank of Communications or at any of their branches.

Prizes unclaimed after 30th. June, 1934 will be forfeited.

LOY CHANG,
Director-General.

NEXT DRAWING. 2nd MARCH 1934

TICKETS

OBTAINABLE AT BANKS, DEPARTMENT STORE OR FROM

NATIONAL STATE LOTTERY ADMINISTRATION

183-189 AVENUE EDWARD VII, SHANGHAI.

adequately equipped with heavy bombers and fighting planes, a larger portion of which are produced domestically. These developments are both astonishing and praiseworthy."

(c) *Change in Foreign Relations of Soviet Russia:*

Prior to the Manchurian uprising, the menacing situation at the "west front" of the Soviet Union was more threatening than that in the Far East. The recent change in the Soviet Union's oreign relations has been clearly indicated in the following report of Katsudi Fuse appearing in the *Osaka Mainichi Shimbun* of November 15, 1933.

"The amicable attitude of the U.S.S.R. towards Japan has been changed into a strong policy since the latter part of last year. The principal reason for this situation lies in improvements of her relations with other Powers. Except Japan, the Soviet government succeeded in arriving at friendly understandings with all of the world Powers—particularly France and the United States of America. Until recently, France was one of the principal opponents of the Soviet policy, while the United States did not even accord recognition to the Soviet government (the United States and Soviet Union have already resumed diplomatic relations at present—The Author). However, France has now concluded a non-aggression pact with the Soviet Union; while M. Litvinov has arrived in Washington as Soviet representative to make negotiations for resumption of diplomatic relations between Soviet Union and the United States. Litvinov was accorded a warm welcome upon his arrival in America and is being received by the American government in official etiquette such as accorded to ambassadors of treaty powers.

"Why did France change her past antagonistic attitude into the present friendliness towards the Soviet Union? It is reported that, as a prelude to the Soviet-French rapprochement, a Soviet-Polish agreement was brought about. According to diplomatic gossips overheard in Moscow, a Japanese military leader in Warsaw proposed to the Polish government for an alliance between Poland and Japan, in order to threaten the U.S.S.R. from both the west and east frontiers. Having knowledge of this move, the Soviet leaders considered that the situation was most grave and at once lodged a strong protest with the Polish government, declaring that 'should Poland form an alliance with Japan for war purposes against the Soviet Union, the Soviet government would give up the entire Siberian territory to the Japanese and concentrate the Red Army on the Polish border and attack Warsaw.' By this threat, the Polish authorities were compelled to adopt a friendly attitude towards the Soviet government, so as to avoid an immediate rupture. Although the Japanese proposal for an alliance with Poland was nothing but propaganda, it served at least to bring about amity between Soviet Union and Poland last spring. France, who has been an ally of Poland, has followed suit in adopting an amicable attitude. Diplomatic relations between Great Britain and the U.S.S.R. were for one time threatened by the Vickery case but have returned to normal conditions in a short while. Under the present situation in Europe, friendly relations between Baltic states and the U.S.S.R. have become a matter of course.

"The principal factor of the Soviet Union's diplomatic victories lies in the moderation of her national policy. Ever since his coming into power, J. Stalin has abandoned the policy of internationalism in favor of nationalism. It may be recalled that when the Third Internationale advocated 'world revolution,' it aroused the common hatred of all other Powers. As Stalin has devoted his attention to domestic reconstruction under a national policy, he has departed from the former Soviet policy and, incidently, cultivated better understandings with other Powers. It is seen therefore that the moderation of Stalin is instrumental to improvements in Soviet relations with foreign Powers.

"In this connection, it is interesting to note that, as a rule, capitalist nations are inclined to promote peace and friendliness through internationalism or 'universal fraternity.' When they endeavor to further nationalism, aggressive wars are waged. On the contrary, however, the Soviet Union was hated by all of the other Powers when she promoted internationalism, but has been befriended by them as soon as she adopts nationalism and domestic reconstruction. Although it is improbable that she has entirely given up the plan of world revolution, the fact remains true that the former animosities of world Powers against her have subsided. In the circumstances the Soviet Union is enabled to direct her attention towards Japan, culminating in her present strong policy."

(f) *Soviet War Theory:*

In order to understand the Soviet military position, it is necessary to study the war theories of Soviet leaders. Before the Setember 18th uprising in Manchuria, the Soviet government paid but little attention to the military plan of her Far Eastern District. The military preparations at Vladivostok, an important base in the Far East under the Czarist regime, were overlooked following the Russian revolution, and communication facilities and military equipments in the Far Eastern District were deteriorated,—since the Soviet government was pursuing a "pacification policy" in foreign relations. Subsequent to the outbreak of September 18, 1931 in Manchuria, the quiet atmosphere in the Soviet Union's diplomatic situation was broken by Japan's aggressive activities, including capture of the Chinese Eastern Railway, establishment of the puppet "Manchukuo" regime, and refusal to conclude a non-aggression pact with the U.S.S.R. Awakened to the significance of the situation, the Soviet government at once despatched large forces of the Red Army to Siberia and made elaborate military preparations in the Far Eastern District.

At this juncture, it is to be noted that there has occurred a drastic change in the Soviet war theory. Professor Svechin, author of the "Strategia," represents the theory of "consumptive" or "defensive" war. He declared that: "Germany was defeated due to the tactics of 'assaulting war' rather than the fault of her General Staff. The Soviet Union must adopt defensive tactics in the event of war with capitalist nations."

By applying his theory to the impending war in the Far East, Svechin has formulated the following plan:

1. The Red Army will make a defensive war in so far as possible. During the first stage of hostilities, only small portions of the army need be mobilized. The military commanders will refrain from wasting military supplies in maintaining the Soviet front.

2.—The Far Eastern District will be temporarily abandoned upon declaration of war. Elaborate trench lines are to be built in the Lake Baikal district in order to check the advance of Japanese forces.

3.—The strength of the advance forces will be such as to maintain a defence only, and it is unnecessary to accumulate large quantities of supplies.

According to the same theory, steps will be taken, during the period of defensive war, to mobilize all domestic industries and prepare large reserve forces in order, gradually, to reinforce the Soviet lines. As soon as the enemy shows any sign of fatigue, the Red Army will start a general offensive, so as to defeat the enemy in a decisive manner.

Evidently, this war theory has its shortcomings. To abandon the chances of early victory will not only affect the morale of the troops but will also tend to bring the battlefield inside Soviet territory. It will also increase the danger of the Red Army being defeated by the Japanese force in a long-drawn-out war, if the latter can stand the strain.

Moreover, as the Five Year Plan has been completed, the strength of the Red Army is placed on a war footing. General K. E. Voroshilov, People's Commissar of the Army and Navy, has issued a declaration to the effect that "the Red Army must seek their battlefield outside of Soviet territory." A spokesman of the Soviet General Staff has also pronounced strong opposition to the tactics of defensive war in an article appearing in the "War and Revolution," stating, in part, as follows:—

"You may find a faithful supporter of Professor Svechin's tactics in China in the person of General Chang Hsueh-liang who has strictly adhered to the policy of non-resistance. . . . . But this theory will have no hearing in the U.S.S.R. since it serves to reduce the fighting spirit of the Red Army."

General Weltman, Commander of the Moscow Military District, is also strongly opposed to Professor Svechin's theory. In advocating "assaulting war," he believes that this strategy is not only the catchword of capitalist nations, but of a revolutionary army also. "A true revolutionary army, backed by enormous supply of munitions, strong military tanks, heavy batteries and chemical corps," he declared, "must endeavor to break through the enemy lines in hard fighting. The tactics of defensive war will only be employed when assaulting war meets with setbacks." The opinion advanced by General Weltman is shared by K. E. Voroshilov and J. Stalin.

Moreover, General Weltman has not entirely disregarded the advantages of a defensive war, but he considers that it is unwise to order a general retreat at the beginning of war. Of course, the Soviet Union is making every perparation for a "long war" too.

Krasheninnov, follower of General Weltman, suggests that the tactics of the Red Army must be adjusted to changes in the situation of domestic industrial production and technical establishment. The present conditions in the Soviet Union call for the tactics of immediate and assaulting war, according to this theorist.

Doubtless, the present war theory in the Soviet government has greatly influenced the attitude of the Red Army in the Far Eastern District, which have already assumed a position of preparedness for general offensive.

(To be Continued)

Youthful Bomb Thrower Is Freed by Nanking Appeal Court

The Highest Court of Appeal in Nanking December 15 reversed the judgment of the First Special District Court and the Second Branch of the Kiangsu High Court by dismissing the sentence of three months' imprisionment on Yung Wei-fan, a youth in his teens, who threw a bomb into a piece-goods shop alleged to have been dealing in Japanese goods last July. Yung had been out on bail ever since his arrest. In reversing the jail term imposed and confirmed by the local tribunals, the Highest Court ruled that Yung committed the offense out of a motive of patriotism and, as he is a minor, he is exempt from prosecution.

JANUARY 2nd

the regular quarterly dividend on the Preferred Stock

PAID

to PREFERRED STOCKHOLDERS of SHANGHAI POWER COMPANY

Depositors in U. S. Banks Guaranteed by New Banking Act

Through the purchase of $786,000,000 worth of preferred stock and capital notes Dec. 29 the Reconstruction Finance Corporation is now interested in 3,883 American banks, with a total capital and surplus exceeding U.S. $1,230,000,000.

President Roosevelt announced Jan. 1 that 90 per cent of United States banks, representing 97 per cent of the depositors, have qualified for the new Federal Scheme for insurance deposits.

The program approved by Congress in the Glass-Steagall banking act for the Federal guarantee of bank deposits took partial effect New Year's Day, assuring safety to the funds of millions of small depositors. More elaborate provisions for deposits' guarantee will become effective on July 1, 1934, when deposits up to U. S. $10,000 will be guaranteed in full; those from U. S. $10,000 to U. S. $50,000, 75 per cent; and those over U. S. $50,000, 50 per cent.

Morgenthau Issues Drastic Order Against Gold Hoarding

Supplementing President Roosevelt's gold order on August 28, Henry Morgenthau, Acting Secretary of the Treasury, Dec. 28 issued an order requiring the surrender to the Treasury of all gold held in the United States. Henceforward no individual or corporation, except Federal Reserve banks, or the Reconstruction Finance Corporation, will be permitted to hold gold exceeding more than $100 in value.

President Roosevelt declared at a dinner given in Washington Dec. 28 by the Wodrow Wilson Foundation that the League of Nations, the machinery of which the United States was utilizing more than ever, had become a prop in the structure of world peace; however, the United States was not contemplating membership.

Thirty-one persons were killed, 19 are missing, many were injured and thousands are homeless as a result of the worst floods in Southern California in half a century following a cloudburst on Jan. 1.

Native Goods Promotion Committee to Be Organized

In accordance with a petition of the Executive Yuan, the National Government, in identic orders to the Provincial and District Governments as well as the various organs of the Central Gvernment, has given instructions that a Native-Goods Promotion Committee be organized immediately. It further instructs that a Central Promotion Committee be created in order to bring about cooperation between the Native-Goods Promotion Committees in the various provinces and districts.

Abolition of Exorbitant Levies Is Urged

Commenting on the Government's plans for the abolition of exorbitant levies and miscellaneous taxes, the *Shun Pao* urges that instead of proceeding with the task in a circumlocutory manner, the authorities should effect the abolition of such levies or taxes as speedily as possible. Ever since the days of the Peking Government, the authorities have been making attempts to abolish the so-called illegal taxes, but no one has succeeded. There must be a reason for this deplorable situation, the *Shun Pao* says.

Dr. H. H. Kung, Minister of Finance, conferred with President Wang Ching-wei at Nanking Dec. 27. Interviewed, Minister Kung said that the Party, administrative and military expenditures for the current month are being remitted to the various organs punctually.

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French Consulate at Harbin Criticizes Laxness of Manchukuo Police

The story of the kidnapping of Simon Kaspe at Harbin, and his subsequent murder, has already been related at length in earlier issues of The Review; also the fact that the French Consulate at Harbin had issued a statement sharply criticizing the laxity of the Manchukuo police—an action which exasperated the Japanese "advisers" and resulted in the transfer of the French Vice Consul to another post. Herewith are given further details of the French Consular statement and the reply of Mr. Eguchi, the Japanese adviser to the Harbin police.

(*From the Review's Harbin Correspondent*)

IN THE opening paragraphs, the French Consulate's statement charges that the Harbin police's efforts were fruitless. No progress had been seen even after the transference of the case into the hands of Messrs. Eguchi and Nakamura, both of them whiling away there precious time in aimless arrests and searches. The efforts of two personages of the underworld—Kimstach and Bolotov—hired by the Kaspe family, also met with a little success, so under the circumstances the Consulate had to take the case into its own hands and endeavor to apprehend the criminals by its own means, for which purpose it had to hire a number of detectives and to start actual investigation.

The Japanese in the Manchukuo police frowned upon the parallel investigation of the case by the French Consulate and in order to nip it in the bud, on October 9 arrested Mr. Kimstach, whose efforts had begun to bring certain results towards discovering the real perpetrators of the crime, and therefore a man most valued by the Consulate. According to his information, the kidnapping was hatched and carried out by the Russian Fascist Party for the purpose of raising funds, Mr. Bolotin and Mr. Matkovsky, both Fascists, being the actual kidnappers. Several times the Consulate tried to persuade Mr. Eguchi to take into account this report and carry out a wholesale search and arrest of the leaders of the Russian Fascist Party, since it was alleged that their implication in the crime had been fully established. It should be stated in passing here that, by subsequent arrests it was learned that the kidnapping had no political color, yet the leaders of the gang were always assuring the minor members of same that the kidnapping was being done "by Storm Troops of the anti-Bolshevik Party," hence the information submitted by Kimstach to the French Consulate was not without foundation.

Slowness of Manchukuo Police

The repeated requests of the French Consul had not, however, moved Mr. Eguchi—he continued to ignore the French demand, whereupon, after a stormy interview with him, M. Chambon wrote an official note to the Chief of Police, Gen. Ching, in which he enumerated all the persons involved in this crime (all members of the Fascist Party) and requested him in no uncertain terms to arrest those persons. General Ching several times tried "to persuade" Mr. Eguchi to arrest the persons named (seemingly the Japanese advisers take no orders from their Manchurian chiefs) and also without any success—all the persons remained free. Seeing this, M. Chambon applied to the Japanese Consul with a request to influence Mr. Eguchi to arrest the persons implicated by the French Consulate, but without any success from these quarters, either.

Replaying to these charges, Mr. Eguchi explained through the press that the French detectives knew nothing of the crime, that they were entirely on the wrong trail, and consequently there was no exigency for arresting the Fascist leaders, who had nothing to do with the crime. Explaining further, he stated that Kimstach was arrested as "a person willfully interfering in the police investigation and guilty of disseminating disquieting rumors."

Charging the police with extraordinary slowness in discovering the criminals, the French Consulate stated that it had first, through its own force of detectives, discovered the names of the real criminals, and that, it, too, had first learned the fact that Kaspe was moved out of town not in a motorcar, as supposed, but on foot, and that he was being kept somewhere in the neighborhood of Ashihe station. The police were further charged that it freed one of the criminals—Komissarenko—allegedly because of absence of any incriminating evidence, whereas it was the Consulate's intention to have all the known criminals arrested, which would make the release of Kaspe alive easier.

Mr. Eguchi refuted all these charges pointblank, stating that the names of the kidnappers were learned by the arrest of Victor Ivanoff, one of minor members of the gang, following which Martinoff (the leader of the gang and in the employ of the police) and Shandar were arrested and put behind the bars. Komissarenko, arrested at Imianpo and brought to Harbin, was released on purpose, in pursuance of the "oyogasi" method of investigating, which consists in the release of the criminal and continued shadowing of him after it, so as to discover with whom he comes in contact after having been released.

French Police Obtain Confession

Though Komissarenko was released by the police because of the absence of compromising evidence, the Consulate had it, and caused its detectives to arrest Komissarenko privately, in a private house, and kept him there, and, furthermore, obtained his full confession. From this time on, Komissarenko served as a bait for bandits, and, on November 16, even accompanied the Consul and his expedition to Erdsendianzu (the place where Kaspe was being detained). Having no arms,—the pistols, loaned from the Hongkong and Shanghai Bank, Harbin, were insufficient—the Consul applied to the police for assistance, and they detailed a whole trood of gendarmes and policemen, all in uniforms, and also a few plainclothes men. According to the plan, Komissarenko and his accomplice Besruchko, both under arrest and pledged to help the Consul, upon coming to the bandits' lair, should have shot the guards of Kaspe dead on the spot, which plan was thought to be the only one for releasing Kaspe alive. However, it did not succeed, for the gang, having scented the danger, moved away from this place to another, still farther one. Because of this, the expedition had to return back empty handed, having left on the spot Komissarenko and two detectives.

To this Eguchi replied that Komissarenko was rearrested at a private house and used as a bait not by the Consulate's detectives, but by the police, and, therefore, the Consul's statement about it was a pure fabricaiton. Though the expedition to Erdsendianzu was true as reported by the Consul, two detectives, left on the spot with Komissarenko, were not the Consulate's, but the police detectives.

The Consulate further stated that it was the Consulate's detectives who discovered the second place of hiding Kaspe by bandits,—in the hills near Hsiaoling station,—and that the police did not know it until informed by the French Consulate. Furthermore, the net thrown around Komissarenko's residence at Harbin, about which there were always on guard the Consulate's detectives, was exceedingly fruitful, for soon it led to the arrest of Komissarenko's brother, an active member of the gang, and also it was learned that the remaining bandits—Kirichenkó, Galushko and a third one—had appointed on November 20, a rendezvous. It further charges that Nakamura, in charge of the police gang, had appeared on the spot without a ready plan, and, in the ensuing shooting, hid himself, together with his gang, in a ditch, while the two detectives of the Consulate armed with old-fashioned pistols, loaned from the police, bore the

brunt of the bandits' fire. Seeing an immediate danger, Komissarenko (the bandit, who after arrest was actively helping the Consulate in apprehending his pals in the gang) snatched away a pistol from Nakamura and with but one shot killed Galushko, Kirichenko and the other bandit escaping in the darkness.

Refuting these charges, Mr. Eguchi stated that the French Consulate had no detectives thrown around Komissarenko's house, and that who watched it day in, day out, were the Japanese or Russian police or gendarmery agents. He further stated that Komissarenko's brother was arrested not by French detectives, and not in his house, but by the police through the wholesale searching of a certain place in the town. As regards the cowardice of police and gendarmery agents in the shooting affray, as described in the Consulate's statement, Mr. Eguchi dismissed it angrily, saying that all the agents acted bravely, killing a dangerous bandit.

The French Consulate also charged that, on November 21,—that is, three days before Kaspe's death—the police had an opportunity to kill, or to arrest Kirichenko, the actual head of the gang, in the house of Komissarenko, where he came in company with Shandar and Galushko to see Komissarenko. Since the French detectives were armed, as stated, with obsolete pistols, whereas each bandit had two Mauser pistols and a hand grenade around him, they requested the police detective, watching the house together with them, to shoot the bandits while they would be coming out of the house, to which the police officer said; "I am not sure of my pistol, besides my pay is too small to put my life in danger in this affray," and did not fulfil the duty he was expected to do, because of which the bandits walked out unperturbed and, three days after this incident, killed the pianist.

Mr. Eguchi refuted this incident entirely as having not taken place at all, and wholly fabricated by the French v'ce-Consul with a view "to glorifying himself and receiving a favorable comment from his seniors." However, Mr. Eguchi related an incident which took place in the evening of November 20, when, on one of their beats, Nakamura and several other detectives, all of a sudden, came face to face with Kirichenko and Galushko, and while they were about to shoot the bandits down, Kirichenko grabbed Nakamura's hand, made a shield of him and in a moment disappeared in the darkness with his pal.

This is only part of the story, but sufficient is related to show that the police were not up to the standard which was expected of it.

Harbin, December 26, 1933.

Mr. and Mrs. Noulens Again Go on Hunger Strike

Paul (Ruegg) Noulens, one of two Communist who are serving a life-term in the First Penitentiary in Nanking, again went on a hunger strike Dec 26 in order to secure unconditional release. His wife followed suit Dec. 29. They aver that they will starve themselves to death unless they (or at least Mrs. Noulens) are unconditionally released from prison.

Mr. and Mrs. Noulens were sentenced to life imprisonment toward the end of 1931 on a charge of having conspired to bring about the overthrow of the Chinese Government. The Ministry of Justice and the authorities of the prison where they are serving their sentence have explained to the couple that their release must be secured through the proper legal channels.

Mrs. Sun Yat-sen has telegraphed to Wang Ching-wei, president of the Executive Yuan, Chu Cheng, president of the Judicial Yuan, and Dr. Lo Wen-kan, Minister of Justice, urging them to release the Noulens pair unconditionally.

British Insurance Official Found Dead

Henry W. Moon, head of the insurance department of Jardine, Matheson and Company, Limited, of Shanghai, was found shot through the heart on a lawn some 25 feet from the Chinese section of Kiangwan Road and about half a mile from the Police Station of the Fifth District of the Bureau of Public Safety, Dec. 28. Mr. Moon's vest had been opened and the weapon had been held almost against the shirt front, investigation showed. Nothing had been taken from the body, evidently, as there were several valuables and $23 in cash. Mr. Moon had been a leader in the opposition to pressure by the Chapei insurance claimants and this at first raised suspicion that he had been the object of foul play. He was 49 years of age. He came to Shanghai at the age of 21.

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Sino-Japanese War Profitable for Munitions Makers

(This article, reprinted from The Living Age, appeared originally in a publication called Patriotism, Ltd., published by the Union for Democratic Control, London).

MOST important of all for the arms firms of the world has been the war between China and Japan, caused by the occupation by Japan of the territory of another member of the League of Nations. Although there is comparatively little fighting to-day, the colonization and militarization of the 'independent' state of Manchukuo by Japan creates a situation in which the armament firms can look ahead to continuous orders. Wars in the Far East have always provided an important market, and for years, even before the present war, huge quantities of war supplies were sent every year from Great Britain, France, Czechoslovakia, and Germany. But the last two years have seen a tremendous increase in this traffic.

English export firms in Shanghai supply tanks and armored plate; French firms supply artillery; the Czechoslovakians, machine guns; the Norwegians, explosives; the Belgians, revolvers; the Swedes, searchlights; the Germans, revolvers, munitions, and poison gas; the Americans, cotton for munitions and nitrates. All this officially.

The unofficial business is at least as large, and has advantages that are not to be overlooked. One can buy cheaper, especially old war material, where no production costs have to be reckoned, and the sales remain secret.

It is true that the British Government made a gesture at the beginning of the year when it decided that from February 27 it would grant no new licenses outside existing contracts for the export of arms destined for China and Japan. This embargo of arms and munitions of war had been discussed, first of all in the U. S. A. and afterward collectively in Geneva and individually by the arms-producing nations, mainly Great Britain and France.

The moral, but oddly illogical, gesture of the British Government in banning arms to the victim of the aggression as well as to the aggressor, pending decision by the other powers, seemed neatly calculated to prejudice the issue at Geneva. No similar action was taken by other powers and the British embargo was withdrawn. Not a gun less was manufactured. After the removal of the ban the armaments industry continued its flourishing way, having suffered no loss apart from the momentary inconvenience of a threatened embargo in the reality or permanence of which no one believed. Since then China has become the most lucrative of all markets for armament firms.

In this business, Vickers-Armstrongs and Imperial Chemical Industries, Ltd., benefit most in this country, but other firms, including several shipping firms, have also had their share.

From August 1932 to July 1933 no less than 117 licenses were issued to various munition makers for exports of arms and ammunition to China. During the first seven months of this year English firms have exported to China 29,000,000 Mauser cartridges, 360,000 smoke cartridges, 216,000 rifle cartridges, 100,000 revolver cartridges, 30,000 automatic rifles, 200 automatic revolvers, 250 rifles, 25 machine guns, four standard guns, and three Moth airplanes.

The contribution of British firms, mostly of Vickers-Armstrongs and Imperial Chemical Industries, Ltd., the first for armaments and the second for munitions, is indicated by the following figures for exports to China between August 1931 and June 1933: 46,270,000 cartridges of various descriptions (this is the figure according to the export licenses reported in the House of Commons, but there is reason to believe that the real figures are much larger; it is known, for instance, that during the period, December 6, 1932, to January 10, 1933, I.C.I. received orders for no less than 37,000,000 cartridges); 484,462 pounds T.N.T.; 80 machine guns; 24,287 pounds cordite; 12 Amphibian tanks.

The arms factories of Germany, too, have greatly increased their exports of arms and munitions to China. Throughout the period of the Sino-Japanese war the Nanking Government kept a representative in Berlin to deal with the arms traffic from Germany. To avoid too much publicity, ships belonging to Norway and other countries have frequently been used for transporting arms to China. This Nanking representative has brought up vast supplies of explosives, explosive gelatine, capsules, nitro-glycerine, black powder, guns, revolvers, and M. G. cartridges.

I. G. Farben (the German firm that corresponds to I. C. I. in this country) has supplied the bulk of these chemical war products. German firms have also supplied machine guns and other weapons, while Germany has also contributed to China's armament by lending thirty-three officers to train Chinese soldiers in China.

Other countries have also had a hand in rearming China. French firms and the Czechoslovakian firm of Skoda have exported rifles and cartridges as well as heavier armaments, while in the U. S. A. the Chinese Government recently ordered 36 Curtiss Hawk single-seater fighting planes to form the nucleus of a Chinese air force. Each plane will be equipped with two machine guns, and the value of the contract is £200,000. For some time American aviators have helped to instruct the Chinese in aviation. With American instructors, German military instructors, and engineering instructors from various industrial countries, China is being rapidly educated in the ways of the West.

China, having learned by bitter experience that she can no longer rely on the League of Nations, is planning to become a great military nation, and is now building up her own arms industry. The making of arms as an industry, like other industries, is a new thing in China.

There are at present only three considerable arsenals in the whole of China: the biggest, in Mukden, is now occupied by the Japanese. The Nanking arsenal produces an average of 10,000 rounds of ammunition a day, and about 40 rifles. The Canton arsenal is now reëquipped, and its daily output is about the same as that of Nanking. There is also an arsenal in Hankow that has been used specially for the making of trench mortars.

So European and American firms arm China to-day. When it was a question of helping China to withstand the imperialistic annexation of Manchuria by Japan, these same nations stood by and refused to take action to interfere with the Japanese program. But they are ready to make what money they can out of preparations that help to keep China in poverty and that make another great war in the Far East inevitable.

IV

The position of Japan is different because of the large home industry, which has supplemented the imports from Great Britain, France, Czechoslovakia, Germany, and the U.S.A. Japan's military expenditure in Manchuria and Shanghai up till February 29, 1932, alone cost £9,000,000. For the first six months of 1933 expenditure on the Manchurian affair and on armament improvements cost 400,000,000 yen. During the next three years the naval-replenishment program alone, which was agreed upon in June 1933, will involve, according to the *Japan Weekly Chronicle*, a total cost of 530,000,000 yen. Besides the building of new ships, provision will be made for the creation of more air squadrons. It is little wonder that arms and munitions firms such as the Mitsubishi have had record profits during the past two years.

In addition to her own home output, Japan has bought extensively from this country, France, Czechoslovakia, Germany, and the U.S.A. Detailed figures have been given in the House of Commons for the arms and munitions sold by British firms, which include no less than 1,600 machine guns and 8,962,500 cartridges of various descriptions, together with large quantities of spare parts.

In France fighting planes and munitions plants in places such as Breguet and Potez are working overtime to produce war supplies for Japan. The Hotchkiss factory has been working steadily on Japanese contracts for machine guns, while the Japanese military attaché in

Paris has a permanent room engaged at the Hotchkiss testing range.

American firms, too, have profited from this prolonged war in the Far East and the increased demand of Japan for arms and munitions and the raw materials from which they are manufactured. As the New York *Nation* of March 22, 1933, pointed out, the U.S.A. Department of Commerce has stated 'that while the total volume of American trade with the Far East slumped considerably in 1932, Japan in that year bought from the United States 28 per cent more raw cotton than in 1931, 200 per cent more kerosene oil, 33 per cent more crude petroleum, 16 per cent more lead, and larger quantities of iron and steel.'

Another commercial periodical, *Steel*, recently said that 'the foreign situation as it pertains especially to Japan and China is commanding the attention of steelmakers. American iron and steel exports in January made a sudden spurt to 56,270 tons, the largest since last May, and of this amount Japan took 24,662 tons.'

In addition to these arms, Japan has bought tremendous quantities of scrap iron, and ships for breaking-up purposes. During the past three years she has purchased no less than seventy-six old foreign liners, tankers, and cargo boats, and twenty steamships have come from British firms alone, the remainder having been purchased on the Continent.

The purchasers in Japan have been mainly the Amakasu Ship-Breaking Company of Yokohama and the Hashimoto Company of Osaka. It is obvious that Japan has bought these liners for their iron and steel, and the natural assumption is that she will break them up for munitions of war.

Thus China and Japan, helped by the arms firms of the world, prepare for war on a big scale in the Far East. At the same time the conflicting interests of Japanese, American, and British imperialism are sharpened by the crisis. It is impossible to forecast the groupings that the crisis will necessitate. But, as the *Sunday Express* once said: 'The armament makers of France, Britain, and other countries do not care whether there is a war on or not. Business is good. The export trade in munitions to China and Japan flourishes.'

Wang Ching-wei, Dr. H. H. Kung and Wu Te-chen Issue New Year Messages

In a brief New Year's message to the Chinese nation issued at Nanking Dec. 31 Wang Ching-wei, president of the Executive Yuan, said unity and construction should be China's watchword for 1934. "Democracy can be realized through equalization of power; National Unification can be achieved through reconstruction. The attainment of our immediate objective lies in the suppression of the Communist banditry, while the fundamental solution of our difficulties can be effected through the development of national productivity and promotion of the work of national reconstruction," Dr. Wang said.

Gen. Wu Te-chen, Mayor of the Municipality of Greater Shanghai, in a New Year's message stated that Chinese relations with the two Settlement Municipalities had once more proved the solidarity of mutual good will. He spoke of the development of the Civic Center, which he said marked a new era in local municipal administration.

Dr. H. H. Kung, Minister of Finance, in his New Year message said, "The Revolutionary financial policy aims at eliminating the financial fetters of the people, abolishing exorbitant taxes, and improving the system of financial administration."

Reviewing events of the past year, the *Chung Hua Jih Pao* observed that the nation is today bidding farewell to the year 1933 in an atmosphere of sadness, being beset with both foreign aggression and internal disturbances. The journal referred specifically to Japan's aggressions in Manchuria, as well as British designs in Tibet. The past twelve months having left China in a cheerless atmosphere, the nation must bestir itself and strive for the overcoming of the present difficulties, the *Chung Hua Jih Pao* stated in onclusion

Professor J. Usang Ly Speaks on Freedom in Learning

Prof. J. Usang Ly, President of Chiao-tung University, made can address recently under the auspices of the Science Club at Futan University, on "Freedom of Learning in Science." President Ly advised the students to strive for the ideal of freedom from within, which means, he said "that there is a constant- demand of every student for a sound mind so that self-realization can be accelerated through a conscious evolution of the aptitude and at the same time a conscious adoption of the attitude one should possess."

In the United States Court for China

In re. application of VADIM P. SCHELKUNOFF, to change his name.

Cause No. 3615
Special Proceedings No. 937
NOTICE

Notice is hereby given that VADIM P. SCHELKUNOFF, an American citizen residing in China, has filed his petition in this Court praying for authority to change his name to VADIM P. SHELTON.

Any person interested may, on or before, January 6th, 1934, offer and show cause to said Court why the said petition should not be granted.

WILLIAM T. COLLINS,
Clerk of the United States Court for China.

In the United States Court for China

In re.
LAST WILL AND TESTAMENT
of
BENJAMIN LUCIUS ANCELL
Deceased

Cause No. 3617
Special Proceedings No. 938
NOTICE
Filed at Shanghai, China, December 28, 1933.
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

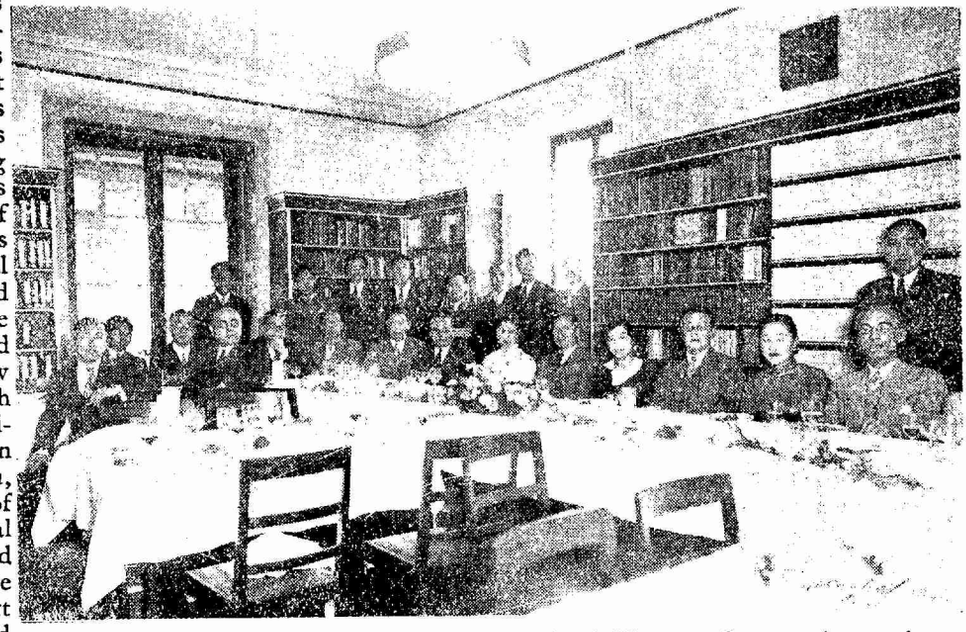
Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of BENJAMIN LUCIUS ANCELL, deceased, to present the same with vouchers to the undersigned on or before July 6, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

CAMERON F. MCRAE,
c/o of M. P. Walker,
20 Ming Hong Road,
Shanghai, China.

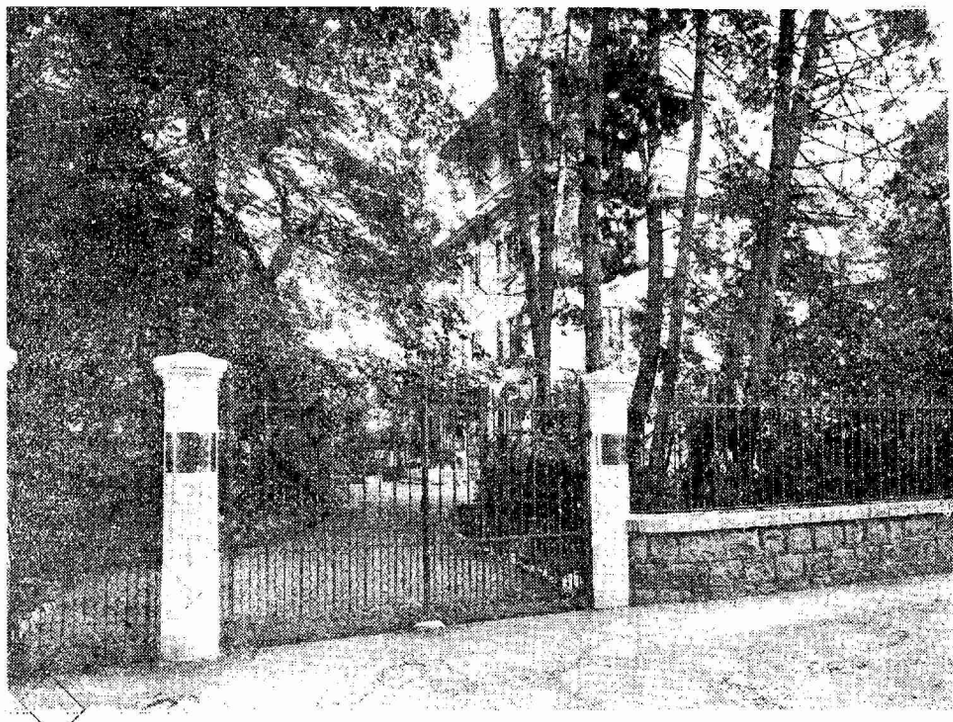
Shanghai, China,
December 29, 1933.

Sino-International Library at Geneva Established through Efforts of Li Shih-tseng

A Sino-Japanese Library was established at Geneva, Switzerland in the early part of this year. There are many excellent collections of Chinese volumes scattered throughout the libraries of the world, prominent among which are the special collections in the Library of the League of Nations, which concentrate efforts on modern China's political and economic development, and the collection at the Peace Palace, Hague, which is devoted primarily to the history of law and diplomatic history. With a view to achieving better coordination and dissemination than other libraries offered, Dr. Hu, Director of the Department of Scientific Relations of the National Academy of Peiping, first conceived the idea of establishing a Chinese Library abroad. With the support of Li Shih-tseng (李石曾) and various other leaders, he was able to proceed with the project in Berlin and subsequently brought the library into being at Geneva at the beginning of this year. During the session of the Ordinary Assembly of the League of Nations in September-October, the library was able to have an unofficial opening, taking advantage of the presence of Ministers V. K. Wellington Koo, Quo Tai Chi, T. Y. Lo, Wunsz King, Tsien Tai, and other members of the Delegation. Much has yet to be done before it is formally opened to the public. However, already, one may find there four-fifths of all Chinese modern publications. 100,000 Chinese stitched volumes and 10,000 European bound volumes have already settled down quietly on the steel shelves of the library, ready to serve the research public. Noting that the various European collections of Chinese work emphasize art, literature, and philosophy, the Sino-International Library (which is the official name) is now paying attention to scientific works by Chinese authors. The Sino-International Library is not only a place for reference, but also an active source of information in that it not only opens its portals to those who wish to bury themselves in the study of Chinese culture but also plans to organize exhibits and disseminate knowledge concerning China.



The unofficial opening of the Sino-International Library at Geneva. Among those present were the principal delegates of the Chinese Delegation to the Assembly of the League of Nations. Mrs. Hu, wife of the Director of the Library, in the centre. To her right, Dr. V. K. Wellington Koo, Mrs. Kuangson Young, Admiral Chen Chak, Minister Victor Hoo. To her left, Minister Quo Tai-chi, Mrs. Victor Hoo, Minister T. Y. Lo. Director Hu, fourth from the left, sitting.



The gate and grounds of the Sino-International Library: No. 5 Route Florissant, Geneva.

Mayor Wu and Secretary Yui Move Offices to Civic Center

Mayor Wu Te-chen of Greater Shanghai and Secretary-General O. K. Yui moved their offices from the Fenglingchiao building to the new City Government building at the Civic Center January 1, when a reception to city government employees was given by the mayor. The Bureaus of Education, Social Affairs, Public Health, Public Works and Lands have also moved to their new quarters in the Civic Center. The Bureaus of Public Safety, Public Utilities and Finance, will remain at their present quarters for the present.

Recalling the difficulties of the Government in the past, Mayor Wu said at the opening ceremony that the Municipal authorities would in the New Year redouble their efforts for the reconstruction of the city. China's experience in the past, bitter as it was, should only spur the people on to more vigorous efforts for the realization of the program of reconstruction, he said. He expressed the hope that the people would continue to cooperate with the authorities in the consummation of this important task.

Who's Who in China

Peh Pong-fee, author and university professor; born at Kweilin, Kwangsi, January 20, 1889; LL. M., Imperial University, Tokyo, 1919; Professor of Administrative Law and Labor Law in the National Peking University, Peking, 1920-25; Professor of Administrative Law and General Laws in the National Political and Law University and concurrently, head of the Preparatory School of the same institute, 1926-30; Dean of the Law College of the National Peiping University, since 1931; Member of the Second National Examination Committee, and Head of the Peiping Examination Office, 1933; author: General Administrative Law, Treatise on General Laws, Outline of Comparative Labor Laws, and Principles of Administrative Law; address: College of Law, Peiping National University, Peiping.

Peh Pong-fee (Pei Peng-Fei)
白鵬飛字經天

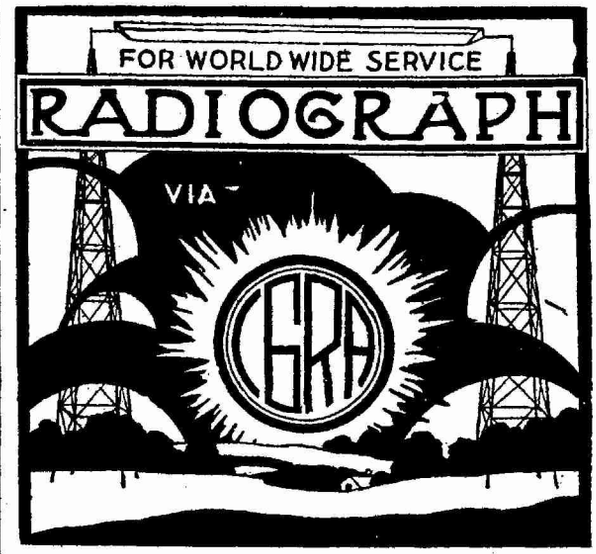
白鵬飛，字經天，廣西桂林人，現年四十五歲，桂林中學，廣西陸軍測繪學堂及兩廣高等工業學堂應用化學科畢業，日本東京帝國大學農科大學獸醫科實科及東京第一高等學校特別預科名古屋第八高等學校第一部肄業，東京帝國大學法學部政治科法學士，曾任廣東惠州常關幫辦，廣東全省教育委員會統計科長總編纂，國立北京大學講師，國立北京法政大學教授評議員兼預科學長，國立清華大學講師，私立中國大學朝陽大學講師，外交部俄文法政專門學校講師，改組後分任教授兼教務長，江蘇大學民衆教育院教授兼總務長，廣西大學教授兼事務長及代理校長，現任國立北京大學講師，國立北平大學教授，國立北平大學法學院院長兼代政治系主任，二十二年第二屆高等考試典試委員兼北平辦事處主任，著有工業常識，行政法總論（商務印書館出版），近百年政治思想變遷史略（華通書店出版），法學通論（民智書店出版），憲法及憲政（華通書店出版），比較勞働法學大綱及行政法大綱（好望書店出版）。

Mexican Wives of Chinese Paint Black Picture in Letters

Overseas Chinese who have returned to China from Mexico with Mexican wives have been requested to censor their wives' outgoing letters, particularly those addressed to relatives in Mexico. Mexican wives of Chinese, in letters home, have been painting an extremely dull picture of conditions in China and describing their misery and suffering. These letters, the Association declares, have been used by the Mexican authorities as material for anti-Chinese propaganda justifying their action in deporting Chinese laborers from Mexico.

Mussolini Shows Himself a Friend of the East

Six hundred representatives from China, Japan, India, Persia, Afghanistan, Siam and Egypt were among the nations represented at a congress of Asiatic students inaugurated in Rome, Dec. 22 in the presence of Signor Mussolini. In welcoming the delegates, Il Duce said that the aphorism that "East is East and West is West and never the twain shall meet" was nonsense, as had been proved by history. Twice during crises the world had been saved by the collaboration of Rome and the East, he said, adding that a civilisation built on capitalism and liberalism, which considered Asia merely a market for its produce, was doomed to die.



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Who's Who in China

(with Supplement)

The standard edition of *Who's Who in China*, published in 1931, has now been brought up to date through the publication of a 200-page supplement. The two books contain the pictures and biographical sketches of the leading men and women of affairs, in government service, business and the professions.

It's the only work of the kind in the English language, is fully indexed in both English and Chinese and most of the sketches contain the latest addresses in addition to information pertaining to date and place of birth, education, careers, etc.

No business office, home, school or public library is complete without *Who's Who in China* giving complete information about the leading men and women of affairs in the Chinese Republic.

If you already have the standard edition published in 1931, order the Supplement only. If not order both books. The prices in Chinese silver or U. S. currency, including postage are as follows:

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The China Weekly Review

38, Avenue Edward VII
Shanghai.

Men and Events

R. E. Gilleland has been appointed a vice president of Andersen, Meyer & Co., Ltd., Shanghai.

The Navy Ministry at Nanking will shortly send ten Chinese naval cadets to Italy for further study.

Seven Chinese workers deported by the Japanese authorities from Japan arrived in Shanghai Dec. 26.

It is reported from Batavia that Japanese shipping companies operating in the Duch East Indies have decided to increase freight rates by 25 per cent as from March next.

The marriage took place at Holy Trinity Cathedral, Shanghai, Dec. 30 of Miss Cheng Han-sung, daughter of Cheng Aon-nien, Principal of Chinan University, to Wu Pak-chao, son of the late Dr. Wu Lee-tse and Mrs. Wu. Dean Trivelt officiated.

Miss Blanche Mary Grambs, who has gained quite a reputation at Tientsin for her crayon sketches of Chinese subjects was informed recently of her admittance to the Art Students' League in New York City on a year's unconditional scholarship.

Dr. Niels Nielsen, the aged Danish-American medical missionary, who was rescued from bandits some time ago after several months' captivity, is returning to the United States. He was due to leave Dairen on January 1, together with Mrs. Nielsen.

General Han Fu-Chu, Chairman of the Shantung Provincial Government, has decided to appropriate funds from the provincial treasury to purchase the accumulated stock of tobacco and manufacture it into cigarettes, so as to alleviate the distress of the rural districts.

The postal service between Shanghai and Fukien remains normal despite current reports that the postal administration in Fukien has been forcibly taken over by the People's Government. Telegraphic communications between Shanghai and Foochow remain open as usual.

Miss Muriel Lester, a prominent social worker, the founder and director of Kingsley Hall, London, spoke to the students and faculty of the University of Shanghai Dec. 30. She described conditions in the East End of London and the steps which are being taken to ameliorate them.

James M. Menzies, a member of the Sinological Research Institute of Cheeloo University, made an address on "Old Bones" before the Tsinan Rotary Club recently in which he described the early religious beliefs and practices of one of the earliest races of China, the people of the Shang dynasty.

Colonel N. W. B. B. Thoms, who recently retired as Commandant of the Shanghai Volunteer Corps, is due to leave Shanghai Jan. 23 on the s.s. *Perseus* for Hongkong where he will meet his successor, Col. F. R. W. Graham of the Royal Ulster Rifles, and later proceed to England.

Yao Tze-jang, one of the oldest Chinese residents of Shanghai died at his residence here December 26. He was 77 years old. He has a vast number of students many of whom now hold prominent positions in government and public offices. Mr. Yao was the author of many books including a "History of the Shanghai Hsien."

The Chinese military mission headed by General Yang Chieh, chief of the Nanking Military School, which arrived in Rome on December 12, departed for Germany Dec. 23. All expenses of the mission during its 11 days' stay, which are estimated at £1,000, were paid by the Italian government.The mission inspected naval and military establishments and war-ships.

The National Athletic Association in Shanghai has received a telegram from the Manila Athletic Association stating that a conference of the representatives of China, the Philippines and Japan will be called at Manila this month to discuss whether Manchukuo, the Netherlands East Indies and Annam should be admitted as members of the Olympic Games to be held during the year.

Captain Hsu, High Commissioner of Weihaiwei, resigned his post Dec. 30. Upon learning of Captain Hsu's departure, Admiral Dreyer sent a telegram through the British consul regretting his decision. Captain Hsu left Weihaiwei for Nanking on January 2 aboard the cruiser *Kiang Lee*. Hsu Tung-fan, counsellor of the Ministry of Foreign Affairs, has been appointed to succeed Captain Hsu.

Dr. T. Z. Koo, who was engaged by the Universities of China committee for a lecturing and cultural tour in England, left last week for the United States enroute back to China. Dr. Koo's tour was extremely successful. He spoke 50 times, in London, Liverpool, Manchester, Edinburgh, Aberdeen, Glasgow, Cambridge and Oxford, and addressed altogether more than 10,000 people, who listened to him with rapt attention.

Goro Nishimura, manager of the Eikwa Kenshibu, Japanese exporters of waste silk and cocoons with its office at 40c Soochow Road in Shanghai, has been detained by the Chinese authorities in Chekiang province for having secretly taken pictures of points of strategic importance along the newly completed Hangchow-Kiangshan Railway. The alleged espionage case was discovered on Dec. 29 at Yu-shan, the present terminus of the new railroad.

Among the New Year Honors conferred by the British Government were: A. M. G. Cadogan, the new British Minister to China, made a Knight Commander of St. Michael and St. George; E. M. B. Ingram, Counsellor to the British Legation in Peiping, who was given a C.M.G.; and Dr. A. R. Wellington, of Hongkong, who received the same honor.

Hangchow-Kiangshan Railway Formally Opened to Traffic

The newly constructed railway between Hangchow and Kiangshan in Southern Chekiang was formally opened to traffic Dec. 28. The construction of the line was completed despite the fact that Chekiang was threatened with military invasion. The ceremonies at Kinhua were presided over by Tseng Yang-pu, Provincial Commissioner of Reconstruction for Chekiang. Speeches were delivered by General Lu Ti-ping, Chairman of the Chekiang Provincial Government, and representatives of the Ministry of Communications and the Military Affairs Commission. An address was also delivered by Dr. Ma Yin-chu, well-known Chinese economist.

The *China Times* commented that the carrying out of such a constructive deed at this moment demonstrated a spirit for national reconstruction on the part of the Chekiang provincial authorities and is certainly praise-worthy.

Commenting editorially on the completion of the Hangchow-Kiangshan Railway, another prominent Chinese daily newspaper, the *Chen Pao*, expressed the hope that this will be the beginning of the realization of the Railway Construction Program of the late Party Leader, Dr. Sun Yat-sen. The journal deplored the fact that since the inception of the Republican regime, practically no new railways had been built in this country, with the exception of certain private and minor branch lines in the mining areas. National defence, being the most urgent task of the nation at the present juncture, the *Chen Pao* urged that efforts should be made immediately to develop the railway system.

Under the auspices of the Chinese Overseas Commission, a Chinese Overseas trading company will shortly be organized for the export of Chinese products. The head office of the company will be established in Shanghai, with branches in different parts of the world where Chinese nationals live.

The Kiangsi and Hupeh Provincial Governments have decided to commence the surveying of Tungting Hu (Lake) by airplane during January preparatory to dredging operations.

Canton to Have Its Own Paper Factory

In order to carry out its inter-Provincial Highway construction program the Central Government is contemplating the establishment of an Inter-Provincial Highway Construction Bureau for the five provinces of Kiangsu, Chekiang, Anhwei, Fukien and Kiangsi.

The Construction Department of the Kwangtung Provincial Government latter part of December signed a contract with a Swedish concern for the establishment of a paper factory in Canton. The capital is temporarily fixed at $5,000,000, Hongkong currency, which is to be jointly advanced by the Kwangtung Provincial Government and the Swedish firm.

⁂

Britain Threatens Further Measures Against Japanese

Japan should first of all raise wages, or Britain will have to resort to tariff manipulations or even launch a boycott against Japanese merchandise, according to W. F. Sadler, leader of the British Trade League which has been organized primarily to restrict Nippon goods imported into British markets. According to the declaration of the British Trade League, the members thereof are convinced of their inability to compete with the Japanese low standard of living, low wages, depreciated exchange rate, and Government subsidy, and subsequently they request the British Government to take drastic measures to protect the trade of the United Kingdom.

Discussing Anglo-Japanese trade relations in the House of Commons Nov. 29, Walter Runciman, president of the Board of Trade, said that Japan is invading various markets in the British Empire through trade-mark infringement. "This is a form of dishonesty which any government, whether in the east or west, ought to do its best to suppress," Mr. Runciman asserted.

New Indian Tariff Evokes Japanese Ire

All Japan is up in arms against the prohibitive nature of the new Indian tariff. The Kobe Chamber of Commerce passed a resolution Dec. 28 urging the Government to break off the Delhi Conference and to withdraw the Japanese delegates. The cotton-spinners are urging the authorities to end the Indian parleys. They state that they agreed to the concessions at Delhi on the understanding that the tariff on sundry goods should not be raised. Government quarters in Tokyo think that the imposition of the new prohibitive tariffs on Japanese goods means the complete prohibition of Japanese exports to India, and has been driven to resort to the present step towards the Indian Government.

JAPAN FEARS HER STRONG ATTITUDE WILL BREAK DOWN DISARMAMENT CONFERENCE OF 1935

(*Continued from Page 236*)

critical time of 1936 or 1937. What we are specially concerned over is the one-sided business boom which has nothing to do with bettering the condition of the farming class. In other fields of economic activities however, conditions continue favorable, unlike the pitiful plight of the soil-tillers. The excess of profit made by the fortunate few should in some way or other be transferred evenly to the less fortunate many of the countryside. Besides this apprehension over the welfare of the agrarians, we can be optimistic as to the financial and economic future of our country. The funds invested in Manchuria are destined sooner or later to return to our country. The question is whether the so-called crisis of 1936 can be diplomatically conquered. If we fail to tide over the critical time, the new situation will transcend all economic questions.

Japan Should Assure the World that She Will Advance No Further

(*By Dr. Hitoshi Ashida, Bungei Shunju, Dec.*)

The crisis of 1936 is stressed from the viewpoint of military strategy. I do not consider the crisis is of a diplomatic nature. Judging from the fact that at present there is no country seeking for a chance of brewing war, I do not think the military men in our country are desirous of taking up arms. Accordingly, we find no sufficient cause for war likely to be started in 1936. If Japan convinces the world of her determination to concentrate her energy upon bringing up Manchukuo and that she has no design to practise an aggressive policy, the diplomatic crisis of 1936 will safely be steered through.

I am of opinion that the year 1935 will bring forth a diplomatic crisis of a grave nature. By the term "crisis" I do not mean to scare the people, but the critical time in 1936 must all the same be extremely grave in nature. At the centre of the storm lies the disarmament conference. None will doubt this. That another disarmament conference will be convened is stipulated in the London Naval Treaty. At the coming conference what Japan should never fail to accomplish is above everything the abolition of the ratio system. This the country must carry out at any cost. What Japan should demand is to discard the principle of fixing ratio and not to see that parity is recognized by Britain and America. Is it not an absurd idea that the safty of a country can be assured by sticking to the ratio given? With what ratio we can guarantee victory over America or Britain is a question that requires endless discussions. One may prefer 70% to 60% but who can guarantee the national safety with the 70% strength? Whether or not the given ratio is sufficient depends solely on the calculation and conviction of the commanders or the military highest brains. Thus, to me it seems the ratio principle should by all means be abolished. There is another reason for my so earnestly demanding the liquidation of the ratio system. At the Washington Conference the United States made Britain recognize the parity of armament against her will on the one hand and forced upon us the ratio of 60 on the other. That is to say, the United States dictated the ratio system against Britain and Japan. It is this that greatly influenced China, for after that China's reliance upon the United States has visibly increased while her attitude toward Britain and Japan has become increasingly arrogant. This pro-American and anti-Japanese and British frame of Chinese mind culminated in the late Sino-Japanese trouble. Britain's retreat from China is another evidence. It is therefore not too much to assert that the cause of the recent clash between China and Japan can be traced back to the ratio system adopted at the Washington Conference more than a decade ago. However high may be the ratio assigned to us—such as for instance 70 or 80% or more—our mission to promote peace in the East can never be fulfilled so long as the ratio system continues to prevail.

Insistence of Parity Is Too Late; Rupture Is Unavoidable

(*By Dr. Hikomatsu Kamikawa, Bungei Shunju, Dec.*)

It is recognized by all that an international conference will be opened in 1935 in connection with the Washington and London Treaties. These two treaties will be the main subject for discussion at the conference. The naval limitation issue to be thrashed out at the parley will develop a very difficult situation. It is rather strange that at this late hour Japan brings forth the question of armament parity, as if taught by Germany. She ought to have brought the matter up for discussion at the time of the London Conference, because Japan held at that time more auxiliary crafts than did the United States and had the cogent reason for demanding armament parity. At the London Conference Japan demanded 70% against America's 100; how could she get the ratio in full? The ratio for the 10,000 ton class cruiser was cut as low as 62.5%. This is all due to lack of diplomatic strategy. At the late conference at Geneva whenever Japan advocated a clause that ran counter to the stipulations of either the Washington or London Treaty, Britain and the United States made objection. Thus it is too late for Japan to insist on securing the right to armament parity. Should Japan, in disregard of this fact, stick stubborly to her insistence of parity, she will steer the conference to a deadlock, eventually to break down. The unsuccessful termination of the conference will bring forth a fresh competition among nations in their armament expansion, greatly intensifying the tense international situation on the Pacific.

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Has reprinted for general distribution in pamphlet form the treatice by the late B. H. Chamberlain, Emeritus Professor of Japanese and Philology at the Imperial University of Tokyo, entitled,

"THE CREATION OF A NEW RELIGION"

The pamphlet contains in its 10 pages a complete exposition and analysis of Shintoism and Empire-worship, regarding which the world is now beginning to hear so much along with the so-called doctrines of Pan-Asianism and Asiatic Monroe Doctrine.

Price, including postage, 30-cents a copy. Orders sent to *The China Weekly Review* will be forwarded to the publishers for execution immediately.

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New Books of Interest in the Far East

Nipponese Short Stories

The Cannery Boat and Other Japanese Short Stories, by Takiji Kobayashi and Others. International Publishers, New York, 1933.

During the last few fears of international world-rocking depression, which has had reverberations in the fields of arts and letters as well as in economics and politics, a new type of literature has come to the fore. Its inception, in the main, was in the Soviet Union, and the movement has spread all over the world. The general term for this type of literature is "proletarian," and "proletarian" writers have appeared in all parts of the world, not excepting China. In the United States there is John Dos Passos, Michael Gold, Moe Bragin, Edward Dahlberg, and others. In France, there is Henri Barbusse, Romain Rolland, and the poet Louis Aragon. In Germany, Neukrantz and Marchwitza, and in China, Lu Sin, Mao Tun, and Ting Ling. In Japan Takiji Kobayashi, Seikichi Fujimori, and many others, dead and alive, have appeared recently. This list of names and countries is far from inclusive.

This type of literature is so designated by its subject matter and its ideology, hence it is evident that the movement had roots far before the present era. Only recently, however, has the movement challenged the stronghold of the "art for art's sake" schools, and it has made a strong and definite challenge to the representatives of these "pure" schools, who insist that literature and art is not propaganda, and vice versa. There has been much controversy in all countries, and schools of writers seem to be going definitely into one camp or the other. The proletarian school attracts the younger artists and writers and many of the older men who see the impotence of ivory-tower art, while the others cling to their castles and take up arms in defence of their own endeavors.

Proletarian art and literature has as its underlying subject and theme the effects the lower classes, the proletariat, in the class struggle under capitalism, though in many cases writers attack the problem indirectly, drawing subjects from other fields. But the ideology remains the same: the exploitation of the masses under the present social system of capitalism and the manner in which to end that exploitation by socialism.

The conditions which produced the present volume of short proletarian stories by Japanese writers are probably well known. The industrialization of Japan in the last four decades has reaped millions for the militaristic leaders and their capitalistic lords, the Emperor, the Mitsui's, Mitsubishi's, and Sumitomo's. But perhaps the real salt, the real essence of how these men made their wealth was never better portrayed than in some of these short stories. The main story, the Cannery Boat, tells of the floating canning industries near Kamchatka. The boats used, even at the present time, are old hulks, hardly sea-worthy, and their crews are composed of students and peasants who have been lured by vague promises of good pay to work on them. No end of exploitation is endured by them in slaving for their masters' profits, the lords in Marounichi. Japanese cheap labor takes a stern and grim reality when one reads the life of these fisherman working 12 to 20 hours each day.

The other stories are equally informative and well written. They deal with various subjects, but they all show the revolutionary upsurge in Japan and the reasons for that upsurge. One can read many tomes about this and that economic reason, but for a base, for a graphic picture behind these reasons, a picture showing the life of Japanese workers and peasants in their daily struggles against Japanese fascism and intolerable conditions, these stories have no equal.

Kobayashi became a very popular writer in Japan, and the police knew it. His books, circulated in emasculated editions, were read by hundreds of thousands of Japanese workers. The police also knew this. On February 21, 1933, he was arrested and within five hours was tortured to death. Hospitals refused to perform a post-mortem examination. Photographs of his body showed every evidence of extreme torture. Japanese police arrested *en masse* 300 people who tried to attend a night watch beside the coffin. Such are Japanese methods of curbing "dangerous thoughts."

Some of the stories in the book are out; some of them seem badly translated. But this first book of translated Japanese proletarian stories is a date in modern literature. And despite the efforts of Japanese police to stop and to deny the rising ire of the masses against their program of exploitation in Japan and imperialism in China, this book proves their impotency and proves the creativeness of the Japanese writers, what they have produced, and will continue to produce. And no end of scrutiny of Japanese bookstores for radicals and radical books, no end of police torture and *Rengo* cable denials will alter the facts of the rising distemper of the courageous Japanese masses and their spokesmen.

A. H. B.

Communism versus Capitalism

Capitalism and Communism: A Reconciliation, by Oscar Newfang; G. P. Putnam's Sons, New York City.

The Only Way Out, by Emile Burns; International Publishers, New York City.

Many simple, but doubtless well-meaning, persons have sought throughout the centuries to devise formulas whereby the lion and the lamb may become reconciled and happy together, but it is the sad, stern duty of a realist to set down that the only way this feat could be achieved would be by some supernatural magic whereby the lion can eat the lamb while the lamb at the same time continues to gambol gleefully upon the greensward.

Mr. Newfang's effort to reconcile capitalism and communism is in the same category as instituting a Kellogg-Briand Peace Pact between a lion and a lamb,—and it is equally successful. Mr. Newfang, however, must be given credit for trying manfully. He gives, on the whole, a really quite excellent summary of communist theory and consequently a terrible indictment of capitalism. In this connection his major defect is that he is not quite able to grasp that labor, mental or physical, is man's sole contribution to the creation of wealth, and he is thus led into some erroneous criticisms of the Marxian theory of surplus value, but otherwise a communist would find little to condemn in the section of his book called "The Case Against Capitalism." Likewise, in his section of "The Case For Communism" he makes a generally fair presentation.

In presenting "The Case Against Communism," it cannot be denied that many of his criticisms are sound from the viewpoint of a bourgeois liberal. He, of course, advances the doctrine that communism does not offer as many incentives for vigorous effort as capitalism without apparently recognizing that vigorous effort in itself need not necessarily be wholly good, and even if it may be regarded as wholly good, there are many more incentives to inspire it than merely private monetary profit. Otherwise every capitalist would retire after he had made his first million.

Mr. Newfang also adopts a customary liberal attitude of condemning suppression of freedom of speech and press by the communists. As a matter of cold fact, however, a survey of this modern world clearly shows that, for all practical purposes, criticism of the working of a given system of society comprises all the freedom of speech and press allowed in any land. When the system itself is questioned, then comes censorship in one form or another. The Bolsheviks, to be sure, are more efficient and ruthless in this respect than, for example, the British and American capitalists,—but they yield not a whit on this score to the Fascists, and, like it or not, capitalism everywhere is tending, and will continue to tend, more and more to Fascism.

But regardless of the merits of the rest of the book, Mr. Newfang's attempted reconciliation—taking the best features of capitalism and communism with the suggestion that the world for the next 30 years "should follow the law of generosity and love" —is terribly muddled and speaks much better for his intentions than for his intelligence. Capitalism and communism will not mix any more than oil and water, for one is predicated on the control of society by a few for their private profit, while the other is based upon a conception of society organized and governed by, and in the interests of, all the actual producers of wealth. A certain amount of alleviation of capitalism is often possible—the British dole being an outstanding example,—but such alleviation cannot change the fundamental principle of production for the profit of a few combined with technological advances that must inevitably result in less and less employment with more and more on the dole.

Wherefore, is is a relief to turn to the clear and forthright analysis by Mr. Burns of the existing economic crisis and the attempts to overcome it within the limts of capitalism. His "Only Way Out," of course, is a revolution to establish communism, and whether or not one's class interests dictate agreement with this conclusion, it should be honestly recognized that in one brief passage, which will be quoted, he devastatingly disposes of all the hopes and contentions of Mr. Newfang and other liberals of that school.

"A plan," says Mr. Burns, "which both maintains capitalism and improves the conditions of the working class is a contradiction in itself; it is essentially the same as a conception of capitalism which is enlightened and progressive, which rejects the advances of its own interests for the more moral allurements of the greater good of a greater number. Why should capitalists agree to a diminution in their actual or potential profits? It is true that such taxes (particularly in England) as income tax and death duty, which in a sense diminish the actual and potential profits of sections of the capitalist class, have actually been imposed by the ruling section of the capitalist class; and that social insurance schemes, involving in a sense, improved conditions for the working class, have been adopted by capitalist governments. But with what precise object are such taxes and schemes adopted? To maintain capitalism and to strengthen the position of the most powerful capitalist groups. These, and all measures adopted by a capitalist State, are measures partly of attack (for example, the income tax increases since the War have the effect of transferring profits from the smaller capitalist directly paying the bulk of these taxes, to the larger capitalist, drawing the proceeds as interests on their immense holdings of war loans), partly for defence—the whole system of social insurance is a means of staving off revolution. Such measures are the screen behind which the rich grow richer, the ruling group acquires greater and

greater economic power . . . . . The dominant capitalist groups have always planned, and are constantly striving to make their plans more water-tight, more secure. But just as each capitalist produces not for the sake of the product, but for the sake of profit, so a capitalist plan can only aim at the production and appropriation of profit."

W. B.

A Famous Fictional Chinese Detective

Celebrated Cases of Charlie Chan by Earl Derr Biggers; published by The Bobbs-Merrill Company, Indianapolis.

This collection of detective stories chronicling the adventures of Charlie Chan includes five book-length novels, The House Without a Key, The Chinese Parrot, Behind That Curtain, The Black Camel and Charlie Chan Carries On.

Charlie Chan is a Chinese detective born in Honolulu but the setting for his criminal investigations ranges from the mainland of the United States to the Orient. Charlie's ingenius methods of unraveling the most baffling crime mysteries have endeared him to thousands of readers of detective fiction.

The volume under review offers many hours of fascinating reading for those who enjoy a good detective story well told. This particular collection of Charlie Chan stories was published shortly before the author's death. V. K.

Note—Earl Derr Biggers' hero Charlie Chan was not connected in any way with the 19th Route Army machine-gunner who smoked cigarettes in a long ivory holder while he operated a machine gun at the corner of North Honan road during the Sino-Japanese hostilities at Shanghai last year. The American and British soldiers who manned the Settlement's defences at this corner and who observed the Chinese soldier daily for nearly a month nicknamed him "Charlie Chan."

Guide Book to South and East Africa

The South and East African Year Book and Guide for 1933 with Atlas. Edited by A. S. Brown and G. G. Brown for the Union Castle Mail Steamship Co., Ltd., London.

This pioneer British steamship line has sponsored a guide book to the "Dark Continent," covering more than a thousand pages, in addition to colored maps and street plans. Although the book is mainly intended for prospective travellers and emigrants, the general reader will find considerable material regarding the great drama which is being enacted in Africa similar to that in China, as regards an indigenous people who feel that "uitlanders" have come into the country, assumed special privileges, and denied the natives rights which they believe to be fundamental. The references to this phase of the South African problem are, naturally, only incidental in a book of this description, but enough has been included to show that in the opinion of the editors the restrictions which have been placed on the natives and the colored people (a distinction to be noted between the two) will in the end work to the detriment of Africa's development. Even as it is, South Africa (and the Transvaal particularly) already has its "poor white" problem. The diamond industry has suffered not only as the result of the world-wide slump, but also because diamonds from other parts of the world are competing strongly. On the other hand the gold industry is booming. The deep impress of the original Dutch settlers is found in the fact that throughout the South African Union, "Afrikaans" (a corrupted Dutch) has the same standing as English in governmental and legal circles. As in China, owing to the relative paucity of railways, motor transportation is making rapid strides despite the relatively high cost of gasoline. Crude oil for farm tractors is comparatively cheap, being exempt from import duty. The guide book as a whole is replete with information both for visitors and prospective settlers.

Recent Pamphlets Received

The December issue of the *Milligram*, the house organ of Millington, Limited, Shanghai, "practitioners in advertising," is up to its usual high standard. F. C. Millington, managing director, has contributed an article entitled, "Advertising as a Craft Is Ridden with Parasites."

"Medical Education of Chinese Women" is the title of a brochure containing a reprint of an article in the *Chinese Medical Journal* by S. M. Tao, Department of Bacteriology and Parasitology, Woman's Christian Medical College, West Gate, Shanghai. The author says women in the medical profession have gained a firm footing in this conservative land in contrast to the backward position of many women in the old domestic days.

Japanese Naval Men Hold Review in Hongkew Park

The new year's review of the bluejackets of the Third Fleet of the Japanese Navy in Chinese waters took place on January 4 at Hongkew park under the command of Vice-Adiral Uno, Commander of the Japanese Naval Landing Party here. Vice-Admiral Imanura, Commander-in-chief of Third Fleet, inspected the review. More than 2,500 participated in the review.

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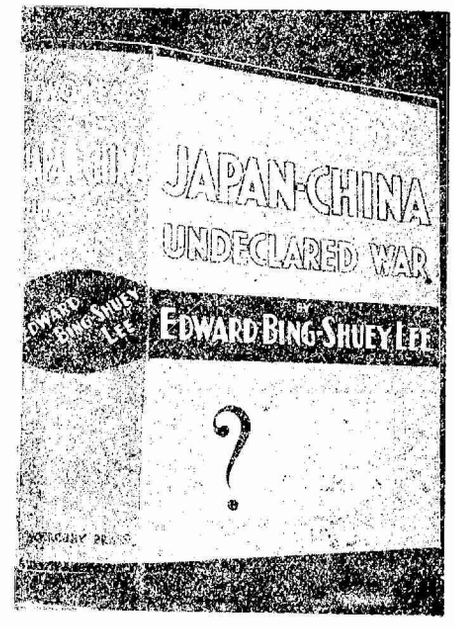

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U. S. Must Face Japanese Ambition to Rule the Pacific

BY LOTHROP STODDARD

Author of "The Rising Tide of Color," "The New World of Islam," "The Revolt Against Civilization" and

University, November 6, 1933.

(From the Washington Herald)

THE question has been often asked: Must we fight Japan? To this the sensible answer should be:

Not over immigration, for another decade at least, unless her diplomacy is singularly stupid; nor yet over China, unless our diplomacy is stupider still.

Unfortunately this does not exhaust the warlike possibilities. There is one issue where we should be compelled to seek the grim arbitrament of arms. That is the question of the Pacific. Should Japan ever strike for mastery of the Pacific, we should inevitably be involved. And Pacific mastery seems to be the goal of those ambitious minds which voice the longrange aspirations of Imperial Japan.

No nation has ever been more infused with the sense of being a Chosen People. The Japanese believe themselves to be the elect of mankind: *The Yamato Race* of divine origin—literally *Seed of the Sun.* Far have they gone since their progress. Still greater triumphs await them; more glorious victories, even over long odds, are to be won. The faith, the virility, the imperious will—all are there.

The keynote of Japan's foreign policy is its relations with China. The huge neighbor is at once a potential Nemesis and the threshold to boundless opportunity. A strong, renascent China would automatically dwarf Japan into a mere satellite, dependent in every way. On the other hand a China dominated and exploited by Japan would multiply tenfold the scope of Nippon's power.

Acutely conscious of these alternatives, every Japanese, high or low, is inflexibly determined to forge over China an effective supremacy. Japanese may differ as to the means, but are united upon the end.

This is why the present clash between Chinese Nationalism and Japanese Imperialism must be fought to a finish; why, in this contest of wills, one or the other must be broken; why genuine peace in the Far East is impossible, perhaps, for many years to come.

In face of those stark realities recent efforts to "settle Sino-Japanese contentions by invoking the Kellogg Pact and the League of Nations are about as efficacious as trying to put out an eruption of Vesuvius by spitting into the crater.

Yet the domination of China is merely the first step toward still vaster designs. Here, again, Japanese differ as to the paths to be pursued, though all lead eventually to the supreme goal.

Should the Russian menace in Siberia be next assailed? Should Malaysia be acquired? Should a stroke be delivered for Pacific mastery? There is no agreement. But, one and all, they reveal the fierce longing to hack a path to greatness by the Samurai sword.

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The heights which Japanese self-confidence attained during the war years may be gauged by the following pronouncement which appeared in an imperialist organ during the Autumn of 1916.

The Road to Conquest

"Fifty millions of our race wherewith to conquer and possess the earth! It is indeed a glorious problem!.... To begin with, we now have China; China is our steed. Far shall we ride upon her....So becomes our 50,0000,000 race 500,000,000 strong; so grow our palty hundreds of millions of gold into billions.

"As for America—that fatuous booby with much money and much sentiment, but no cohesion, no brains of government; stood she alone, we should not need our China steed. Well did my friend speak the other day when he called her people a race of thieves with the hearts of rabbits.

"America, to any warrior race, is not a foe, but an immense melon, ripe for the cutting. But there are other warrior races—England, Germany—would they look on and let us slice and eat our fill? Would they?

"North America alone will support a billion people; that billion shall be Japanese with their slaves. Not arid Asia, nor worn-out Europe (which, with its peculiar and quaint relics and customs should, in the interests of history and culture, be in any case preserved), nor yet tropical Africa, is fit for our people.

"But North America, that continent so succulently green, fresh, and unsullied (except for the few chattering, mongrel Yankees) should have been ours by right of discovery; it shall be ours by the higher, nobler right of conquest."

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At the Washington Conference Japanese diplomacy felt constrained to yield many of its war-time gains, while the post-war business crisis coupled with the shattering blow of the great earthquake in the Autumn of 1932 rendered aggressive action temporarily impossible.

New Activity—Aggressive Forward Policy Shown

This passive interlude was not of long duration. Within a very few years Japanese diplomacy showed renewed activity. A number of factors combined to spur Japanese statecraft to an aggressively forward policy.

China's increasingly chaotic condition rendered Japanese intervention alike easier and more justifiable; Japan's critical economic situation made drastic foreign moves imperative; Europe's new crisis, at once economic and political, distracted Western attention from the Far East and gave Japan a freer hand for resolute action.

Japan's recent maneuvers in Manchuria and at Shanghai show pretty conclusively that long-settled plans are today deemed ripe for execution. This is substantiated by a number of diplomatic disclosures, among them the recent Monjo Memorandum.

The author of this remarkable exhibit is no less a personage than General Shigeru Honjo, commander-in-Chief of all the Japanese forces in Manchuria. Shortly before Japan's decisive action in that region, the general drafted the following memorandum to the Minister of War in Tokyo:

"The renaissance of China, the continued existence of 'Red' Russia, and the advance by the United States across the Pacific Ocean are all anathemas against the national policy of our Empire. But, in order to be able to prevent the advance of American influence in the Orient, we must first consolidate our national defenses on the land and attain a position of independence as far as material supplies are concerned.

"Therefore, before declaring war on America, we must strive to gain a superior position for our military strength both in China and in Russia! We must aim to cripple China and Russia once for all; or, in case we should be unable to destroy their power entirely, we must at least reduce them to temporary impotence so that they would not be able for some time to attack us or to regain their feet.

"Our Empire would thus be enabled to seize hold of vast quantities of rich natural resources in our newly occupied lands. When profitably applied they could be the means of strengthening our sea defenses and driving American influence east of Hawaii.

"Then there could be no question at all but that the Philippine Islands would fall into our control. We could then be the sole master of the Pacific, and nobody would be in a position to compete with us or to make a protest."

Western Ideas Blamed for Corruptions

Today moderate elements are weaker than they have been for many years. In Japan, as elsewhere parliamentary government is widely condemned for its uncertainty and inefficiency.

As for the politicians, they stand convicted of gross corruption and are accused of time-serving for the banking and industrial plutocracy, which is likewise out of popular favor.

Dismayed at the chronic business depression, disillusioned with parliaments, and disgusted with politicians, the Japanese people give ear to a gospel of militant reaction, often called Fascism.

This Japanese brand is even more reactionary and bellicose than the better-known European varieties personified by Adolf Hitler and Benito Mussolini. Its apostles term themselves "Modern Samurai" and preach the traditional virtues of Old Japan—blind loyalty, joy in martyrdom, and, above all, glorification of war.

In their eyes the Yamato Race has been corrupted and weakened by Western innovations. These should be contemptuously discarded. Defying the censure of an alien world and scorning diplomatic subterfuge, Japan should drive openly and relentlessly toward its goal. Should Japanese Fascism triump, the Far East will indeed be on fire!

Faced with this ominous probability, America should confront the rising storm with cool, objective realism. Granted that Japanese imperialism has marked us down as one of its intended victims, we do not rank first on the list. Ahead of us come China and, apparently, Soviet Russia. That much, the hottest Japanese jingoes frankly admit.

Collapse May End Imperialism

Modern Japan is not an organic creation; it is a magnificent synthetic product. In contact with it one has a perpetual sense of tension; an intuition of subterranean forces, held down, but always there.

A collapse is possible—and such a debacle would presumably be as volcanic as one of the frightful earthquakes to which this geologically unstable country is perpetually exposed. For all its imposing facade. Imperial Japan may suddenly and dramatically pass away.

At this writing, war seems imminent between Japan and Russia; and even though a conflict be temporarily averted, the causes of antagonism will remain. Provided neither side wins too sweeping a decision, America may view such a struggle with equanimity.

A Russian victory would almost certainly spell a Communist revolution in Japan—which, by the way, is inherently better soil for Communism han any other Oriental country. And a Red Japan, close-linked to Red Russia, would be for us a foe far more to be dreaded than a Japan dominated by the most Fascist regime.

All these eventualities we should keep in mind—and govern ourselves accordingly.

Sikong Situation Is Eased, Shih Ching-yang to Visit Lhasa

Following the death of the Dalai Lama on Dec. 17 last year the Sikong and Tibet situation has become easier and most of the Tibetan troops on the Kinsha River front have been withdrawn with only few outposts left at their original positions, according to a telegram received by the Government early this week from Gen. Liu Wen-hui, Defense Commissioner of the Szechuan and Sikong Border. Gen. Liu also reported that he had instructed his troops to refrain from making any attack upon the Tibetans in deference to the Kinsha River Armistice Agreement signed between Tibet and Sikong two years ago.

In order to cope with the Tibetan situation and to explain to the Tibetans the policies of the Government, the National Government decided on Dec. 30 to dispatch Shih Ching-yang, Chairman of the Mongolian and Tibetan Affairs Commission, to Lhasa to see the Tibetan leaders. The Government has already telegraphed to Lhasa informing the Tiberan authorities of this decision. As soon as a reply is received, Mr. Shih will leave for Lhasa immediately via Eastern India and Nepal.

Meanwhile, telegrams from the Ssu-Lun, Chief Governing Official of Tibet, reported that the situation in Tibet is quiet and the incumbent administration is following the policies of the late Dalai Lama and will continue to be loyal to the Central Government. The Ssu-Lun, in a previous telegram, declared that the Lama priests as well as the people of Tibet unanimously welcome the dispatch of a High Commissioner of the Government to Tibet.

Despite the past unpleasant memories, the Panchen Lama who is now still in Inner Mongolia is holding memorial services and has ordered all Lama temples throughout China to suspend amusements for seven days for the late Dalai Lama. The Panchen Lama is leaving Pailingmiao immediately for Nanking in response to urgent summons from the Government leaders. He expects to arrive at Peiping on Jan. 10 and to reach the Capital by Jan. 15 in order to attend the Fourth Plenasry Session of the C. E. C. of the Kuomintang on Jan. 20. He is reported to have prepared a report on the Mongolian situation for submission to the Session. Whether or not he will return to Tibet will be decided after consulation with the Central Authorities and after the return of Shih Ching-yang from Lhasa. In connection with this question, the Panchen Lama is said to be unable to make up his mind, although he much desires to go back to his native land in heart. It is believed that he would not be able to return to Tibet unless the Government promists him substantial support.

Commenting on the Tibetan situation on Dec. 27, the *Peiping Morning Post* stated that the death of the Dalai Lama afforded a heaven-sent opportunity for China to reassert her authority in Tibet, but advised that the Government should approach the matter cautiously. Among other things, the paper urged the reform of the political system in Tibet and the complete separation between the state and the Church, that is, between religion and politics. Further, the paper continued, Tibet should be made a province and placed on the same footing as the rest of the country. The editorial expressed the belief that all this should meet with appreavl of the Panchen Lama, as he is a strong supporter of the Central Government and advocate of closer relations between China Proper and Tibet. It suggested that the Government should appoint some experienced administrators to accompany him to Tibet and assist him in the conduct of affairs. Finally, the paper observed that the Tibetan Question is not a purely domestic problem of China and therefore the question of British influence in Tibet must also be taken into consideration. The late Dalai Lama was pro-British and under British influence, he was induced to enter into a treaty with Britain which was subsequently used by her to justify her predominant position in Tibet. Now that the Dalai Lama has passed from the scene, and as the Panchen Lama is a strong supporter of the National Government, it is difficult to see how the British Government could continue to maintain their previous stand without incurring the opposition and antagonism of the Tibetan people.

Two Interesting and Useful

BOOKLETS

"The French Strangle-Hold on Yunnan — A First-Hand Survey," by Wilbur Burton.

Price 65 cents

"The Resignation of T. V. Soong — Is China To Be Ruled by Japanese Militarists or Chinese Communists?"

Price 20 cents

These booklets are reprints of articles originally published in **The Review.** They are interesting contributions on recent tendencies and developments in Far Eastern Diplomacy and are well worth reading. Send orders to the undersigned:

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Opportunities for Trade Contacts in the United States

Persons desirous of corresponding with the firms listed herewith should communicate with the American Consulate-General at Shanghai, mentioning the number of the specific inquiry.

212—A New York broker seeks a market for liquid fly killer for household and dairy purposes.
213—A Pennsylvania firm desires to market lubricating oil.
214—An Ohio firm desires to market pencil leads, crayon and chalk.
215—A New York firm wishes to market electric fans.
116—A New York firm desires an agent for pharmaceutical and toilet preparations.
217—A Brooklyn firm wishes to market paints and varnishes.
218—A New York firm seeks an outlet for shoe machinery.
219—A San Francisco firm wishes to market racing bicycles.
220—A Pennsylvania firm offers special pipe fittings, such as swage nipples.
221—A Chicago firm desires to market a very famous brand of American beer.
222—A Seattle firm seeks an agent for Pacific Coast beers.
223—A Chicago firm wishes to obtain an agent for cream separators.
224—An Ohio firm wishes to market dental supplies.
225—An American licensed pilot and mechanic and parachute rigger seeks employment.
226—An Illinois firm desires an agent for special caulks and other horse shoe parts.
227—A New York firm offers a complete line of small radio sets.
228—A New Jersey firm offers a high class line of chromium plated flat ware at competitive prices.
229—A New York firm offers infants', underwear.
230—A New York firm desires to market its radio receiving sets.
231—A Seattle firm desires to market fresh fruit.
232—A Chicago firm desires a distributor for its household and industrial paints and varnishes.
233—A Chicago firm wishes to market auto accessories.
234—A Virginia firm desires to market flashlight batteries.
235—A West Virginia manufacturing concern desires to market its tin plates.
236—A New Jersey firm offers celluloid pocketbook foundations.
237—A Dayton, Ohio, firm desires to market its small electric motors.
238—A New York firm offers radio parts.
239—A Chicago firm desires to dispose of a lot of broken glass.
240—A Portland, Oregon, firm offers aspen logs for match manufacture.
241—A New Jersey firm manufacturing roller bearings desires a local agent.
242—A large Illinois manufacturer of typewriter ribbons and carbon paper desires a local distributor.
243—A Los Angeles firm wishes to market small radio receiving sets.
244—A New York firm offers ink and stationery supplies.
245—A prominent Chicago firm offers electrical goods, tools and hardware.
246—A New York corporation desires to market tungsten, molybdenum and copper clad wire.
247—A Newark, New Jersey, firm desires to market its lamp filament wire.
248—A New York manufacturer of high grade, high priced radio receiving sets desires to market them in China.
249—A well-known Massachusetts firm offers taps, dies and machine threading tools.
250—An individual in Pierce City, Missouri, desires to market ginseng.

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To be wise after the event is easy, but, alas, too late; every day one hears somebody or other say "Had I but known!"

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The National City Bank of New York, Rates of Exchange

Shanghai, Jan. 3, 1934.

Demand selling rate on America:	U.S.$100 = Sh. $295.21
Demand buying rate on America:	U.S.$100 = Sh. $291.97
Demand selling rate on London:	£1.0.0 = Sh. $15.178
Demand rate on buying London:	£1.0.0 = Sh. $15.000

Latest New York Stock Exchange Quotations

Market—Steady Business Done 1,270,000 Shares

January 3, 1934

1933 High	1933 Low	Div.$ per Sh.	STOCKS	Mon. Dec. 30	Tue. Jan. 2.
18¾	3	—	Adams Express	7½	7¾
38	11½	0.60	Alaska Juneau	22⅝	22¼
150	70¾	6.00	Allied Chemical & Dye	148¼	150
100	49½	4.00	American Can	99	98
19⅝	3⅞	—	American & Foreign Power	8¼	8⅜
44⅞	7¼	—	American & Foreign Power 7% Pfd.	18	18½
13⅛	2⅝	—	American & Foreign Power Warr.	5½	Unq.
28⅝	3½	—	American Metal Co.	19	19¼
58½	10¾	—	American Smelting	44¾	44¼
181¾	86½	9.00	American Telephone & Telegraph	111⅝	110¾
94¾	50¾	5.00	American Tobacco "B"	69⅜	69⅞
43¼	10⅞	1.00	American Waterworks	18⅜	18¾
22⅞	5	—	Anaconda Copper	14⅝	14⅝
18⅝	5⅞	—	Atlas Corporation	12	11½
84¼	31	2.00	Auburn Automobiles	54¾	55
87⅜	8¼	—	Baltimore & Ohio	23⅝	23¾
49¼	10⅞	—	Bethlehem Steel	37	37½
37⅝	18	1.60	Borden Company	20¼	20¾
22	5½	0.25	Borg Warner	22	22½
20⅞	7¼	—	Canadian Pacific Railway	12⅞	12⅞
103½	30½	—	Case, J. I.	69	69
47⅞	16⅝	1.40	Chase National Bank	19¼	19½
52¼	14⅞	2.00	Chesapeake Corp.	34	35
51⅜	7¾	0.60	Chrysler Corp.	57⅝	58
28½	9	0.50	Columbia Gas & Electric	12¼	11⅞
6⅛	1⅜	—	Commonwealth & Southern	1⅝	1⅞
64½	36¾	3.00	Consolidated Gas of N. Y.	38⅝	38
19⅝	4⅞	—	Continental Oil	17⅝	17¼
90⅝	45⅜	3.00	Corn Products	Unq.	75½
7⅞	2⅝	—	Coty Inc.	Unq.	4½
4⅝	1⅛	—	Curtiss Wright Company	2⅝	2½
18¼	10¼	0.75	Douglas Aircraft	Unq.	15
95⅝	32½	*2.00	Du Pont de Nemours	95⅝	94⅞
89¾	46	3.00	Eastman Kodak	81	82½
41⅝	10	—	Electric Bond & Share	12	12¼
15⅞	3½	—	Electric Power & Light	4⅝	5
19	12	—	Fox Film	Unq.	13⅝
10¾	2⅞	—	General Aviation	5¼	5⅜
30¼	10½	0.40	General Electric	19¼	19¾
39⅞	21	1.80	General Foods	32½	32¾
85¾	10	*1.00	General Motors	35½	35⅝
49½	13¼	1.00	General Railway Signal	33¾	34
27⅜	12	1.20	Gold Dust	17¾	18
47½	9¼	—	Goodyear Tire & Rubber	35¾	35
40	6⅜	—	International Cement	30	30½
46	18⅝	0.60	International Harvester	40	40⅜
22⅜	6¾	—	International Nickel	22	21¾
21¾	5⅛	—	International Telephone & Telegraph	14¼	14⅜
63⅜	12¼	—	Johns Manville	60½	61⅛
26	7⅜	—	Kennecott	20½	20¼
79⅝	37½	2.40	Lehman Corporating	66½	66
99⅝	40½	*4.00	Liggett & Myers, "B"	78	79
86¼	8½	1.00	Loew's: Inc.	28¾	28¾
25¼	10⅜	1.20	Lorillard P Co. (Com.)	17	16⅞
48⅜	18	1.00	McIntyre Porcupine	42	41¼
28⅞	8¾	—	Montgomery Ward	22½	22⅝
84½	19⅜	1.00	National City Bank (bid price)	21½	21½
41⅝	5⅝	—	National Distillers	26	25⅝
58½	14	—	New York Central	33⅜	33⅛
36¼	12¾	80% S	North American Company	15⅜	14⅜
96¾	31½	2.00	Owens Illinois Glass	81	81½
31⅞	15	1.50	Pacific Gas & Electric	16	16
6⅞	1¾	—	Packard Motors	3⅞	4¼
42¼	13¾	0.50	Pennsylvania Railroad	30	30⅜
6⅜	1⅛	—	Pennroad Corporation	2½	2⅝
18¾	4¾	—	Phillips Petroleum	16¼	16¼
12¼	3	—	Radio Corporation	6⅞	7
5¾	1	—	Radio-Keith Orpheum	2¼	2⅜
54¼	26½	3.00	Reynolds Tobacco "B"	44¼	44¾
47	12½	—	Sears Roebuck	42½	42¼
11⅝	4	—	Shell Union	7⅞	8¼
17	6	0.25	Socony-Vacuum Corp	16¼	15⅝
28	14¼	2.00	Southern California Edison	16½	15⅝
22½	5½	—	Standard Gas & Electric	7⅛	7¼
47	22¾	1.00	Standard Oil Co., of N. Jersey	45¾	45⅜
60¾	46	—	Sterling Products	50¼	48½
8¾	1½	—	Studebaker	4¾	4⅞
30⅛	10¾	1.00	Texas Corporation	24⅜	24
45¼	15¼	1.00	Texas Gulf Sulphur	40	40½
9⅜	2⅝	—	Trans America	6¾	5⅝
51⅞	19¾	1.00	Union Carbide & Carbon	47½	47¼
132	61¼	6.00	Union Pacific	112½	113
46⅞	16¼	—	United Aircraft & Trans.	31½	32⅛
14½	4½	—	United Corporation	4⅞	5
25	14	1.20	United Gas Improvement	15	15
25	2⅞	—	U. S Rubber	16	15⅞
67½	23⅜	—	U. S. Steel	47¾	48⅛
51½	21½	*2.00	Universal Leaf Tobacco	Unq.	Unq.
36¼	7⅝	—	Vanadium	22⅛	22⅞
9⅛	1	—	Warner Bros. Pictures	5¼	5⅝
58¾	19⅜	—	Westinghouse E. & M.	38	38½
50⅞	25⅛	2.40	Woolworth	43¼	43

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